

An aerial photograph of a dense green forest. A winding river flows through the trees, leading to a large, irregularly shaped pond. The water in the pond is a deep blue, and there are several large, rounded tree islands in the water. The overall scene is vibrant and natural.

Inspire Sustainable Lives in Every Home.

2022 Sustainability Report / Executive Summary

Arçelik



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ABOUT THIS REPORT

This year, we are pleased to share our 15th Sustainability Report. At Arçelik, our company strategy is based on sustainable growth and value creation. We carry out our operations as part of our business model that is integrated with this strategy and short, medium and long-term goals. In this Report, we explain how we have achieved and will achieve the goals we have set with a business approach that is focused on sustainability and the values we create for our stakeholders. At Arçelik, we are aware of our responsibilities towards the planet, people and the business world. We demonstrate our commitment to these 3 pillars and share our progress in our sustainability journey each year with our stakeholders through our sustainability reports.

Our 2022 Sustainability Report includes our sustainability strategy, targets, and progress in environmental, social and governance (ESG) areas and as well as our highlighted financial performance. Unless otherwise stated, the information and data included in our report were prepared within the scope of our operations carried out between

January 1, 2022, and December 31, 2022; and, in this context, social and environmental indicators stated in the report correspond to more than 75% of our revenue, business operations or full-time equivalent (FTEs) employees.

As a member of the World Business Council for Sustainable Development (WBCSD), Arçelik's Sustainability Reports have been evaluated and scored by Reporting Matters since 2020. Improvements were made in this year's report in line with the feedback received for the 2021 Report. As a Koç Group company, Arçelik reflects **Stakeholder Capitalism Metrics (SCM)** in its reporting to investors and other stakeholders, as Koç Holding is a signatory to the Stakeholder Capitalism Metrics (SCM).

 *The assurance statements we have received as a result of the audits carried out in accordance with recognized international standards on the selected indicators are included in the Annex 2 section of our Report.*

ALIGNING OUR DISCLOSURES WITH REPORTING STANDARDS AND FRAMEWORKS

This report demonstrates Arçelik's alignment with the goals and principles of the following international frameworks:



United Nations Global Compact (UNGC)



UN Sustainable Development Goals (SDGs)



Women's Empowerment Principles (WEPs)

This report has been prepared in accordance with:



The International Integrated Reporting Framework (IIRC)



The report is written in accordance with the GRI Standards.



The standards set by the Sustainability Accounting Standards Board (SASB)



As a signatory of TCFD (Task Force on Climate-Related Financial Disclosures), comprehensive risk and opportunity analysis for climate-related financial disclosures also take place in this report



ABOUT THIS REPORT

About the Concept of this Report

In 2019, we started to tell our sustainability story visually, rather than simply documenting numbers, declaring: 'This is Not a Report'. Inspired by the UN's 'Decade for Action' agenda, in 2020 we called on our stakeholders to take action on environmental, social and governance challenges: 'Act Together Now'. Last year, we highlighted examples of how when each of us take action, we can create a positive impact on the world, with the rallying cry: 'Lead the Change, Shape the Future'.

This year, to mark the 15th year of our sustainability journey, we continued telling that story under the banner: 'Inspire Sustainable Lives in Every Home'. The sustainable solutions that make our homes work, affect the future of our planet, which is itself home to all living things, ourselves included. As a brand committed to improving everyday lives and upholding our commitments to sustainability, we put your home at the heart of our mission, as 'home' has a special meaning to all of us.

In line with our vision and goals, we prepare our reports with three themes that we have determined will create value worldwide by integrating our strategic priorities and material issues. First, we stay **In Touch with Our Planet** to reduce our footprint and help conserve vital resources. Second, we stay **In Touch with Human Needs** to improve people's lives and support society in their needs. Third, we stay **In Touch with Business** to be a progressive global citizen and make sustainability a part of the way our employees do business.

Here are the tools to jump to information quickly:

 *Redirects to external source of information.*

 *Allows internal navigation throughout the report.*

Navigation Icons

 **PRODUCT DESIGN AND RAW MATERIAL SELECTION**

 **MARKETING AND SALES CHANNELS**

 **PRODUCT MANUFACTURING**

 **USE PHASE**

 **PRODUCT PACKAGING**

 **REPAIR AND REMANUFACTURING**

 **PRODUCT WAREHOUSE AND LOGISTICS**

 **TAKE BACK AND RECYCLING**

 **FINANCIAL CAPITAL**

 **SOCIAL AND RELATIONAL CAPITAL**

 **NATURAL CAPITAL**

 **HUMAN CAPITAL**

 **INTELLECTUAL CAPITAL**

 **MANUFACTURED CAPITAL**

 **EMPLOYEES**

 **SUPPLIERS**

 **B2B CUSTOMERS**

 **B2B CUSTOMERS - CONSUMERS**

 **INVESTORS**

 **GLOBAL PARTNERSHIPS AND NGOs**



CEO'S LETTER



 [hakanbulgurlu](#)

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Over the past few years, the world has faced several headwinds that have unsettled the global order. The war in Ukraine dramatically escalated, and its ramifications on social and economic orders dominated the global agenda. Consequently, inflation reached record-high levels, and many countries were confronted with a severe cost of living crisis. The subsequent global uncertainty and socio-economic instability posed several challenges to businesses, including supply chain disruption and soaring energy prices. Unfortunately, mounting pressures have led sustainability to take a back seat. However, with relentless extreme weather events effecting communities all over the globe, decarbonizing our economy is of more vital importance than ever.

WE REMAIN STEADFAST IN OUR COMMITMENT TO SUSTAINABILITY

Arçelik has long been an advocate for sustainable development, setting an example in its industry. I am proud to share that our commitment to sustainability has never wavered, even

during these turbulent times. On the contrary, we continued to work towards our net-zero target with even greater determination.

Decarbonizing our industry requires us to be more innovative across our operations, and we make a great effort to ensure that our manufacturing phases are sustainable. Our manufacturing plant in Ulmi, Romania, for instance, has been awarded Sustainability Lighthouse status by the World Economic Forum in 2022 for its commendable adoption of the latest technologies and implementation of sustainability initiatives. This plant serves as a prime example of our dedication to a net-zero future with numerous environmentally friendly measures, including using 100% green electricity, ensuring resource efficiency and advanced wastewater treatment. We strive to replicate our on-site sustainability measures across our plants.

To secure a net-zero future, businesses must adopt a holistic approach. In addition to our efforts to manufacture

more sustainably, we are seeking ways to provide our consumers with technologies that promote resource efficiency. To this end, we place tremendous significance on sustainable product innovation. Our latest SaveWater technology, for instance, is designed to reduce water consumption by reserving and reusing water in different cycles throughout the product range.

Our sustainability initiatives continue to be recognized and praised by several authorities. Arçelik has once again been listed as the highest-scoring household durables company on the Dow Jones Sustainability Indices, achieving a score of 87 out of 100 (as of December 2022). Additionally, our company has been recognized on The Global 100 Most Sustainable Corporations Ranking of Corporate Knights, for the third time in a row. Our Arçelik and Beko brands also have prominent listings in the Real Leaders Top 300 Impact Companies of 2023 as well, ranking 16th and 17th, respectively.



CEO'S LETTER

EQUALITY IS A PREREQUISITE FOR SUSTAINABLE DEVELOPMENT

Sustainability encompasses much more than just environmental protection. To advance sustainably as a society, we must work towards creating a world where everyone is treated equally, regardless of their gender, ethnic background, or sexual orientation.

At Arçelik, we see the diversity of our workforce as an organizational strength and strive to create an inclusive working environment where everyone's voice is heard. Thanks to our commitment to addressing gender disparities, our company has been included in the Bloomberg Gender Equality Index for the first time in 2023. Our efforts to raise awareness about gender equality in and outside the workplace and to strengthen our equality practices will continue.

Sustainability is now a business imperative. Tackling climate crisis requires us to be innovative, agile, and collaborative on all fronts. At Arçelik, we will continue to consider decarbonization a driver of growth and strive to create social, economic, and environmental value for our ecosystem while working tirelessly to meet the needs and expectations of our customers.

I would like to express my deepest condolences and extend my heartfelt sympathies to all those impacted by tragic earthquakes that hit southern Türkiye in February 2023 and left us profoundly saddened. The scale of the disaster is enormous, and the need for help is dire. We mobilized our resources immediately to offer a glimmer of relief and support the affected communities. Creating value for society is ingrained in Arçelik's

culture. As a company committed to sustainable development, it is our utmost responsibility to give back to our communities. With this principle in mind, we will continue to help rebuild life in the region to the best of our abilities.

Reporting plays a pivotal role in tracking our progress, providing a comprehensive overview of our sustainability efforts and initiatives, while inspiring others to follow suit. This year, there is one aspect that sets this report apart from the rest. Our colleagues from 30 countries around the world have actively contributed to crafting the preface. The tireless efforts, unwavering commitment, and motivation of our team are the building blocks of Arçelik's sustainability leadership today.

I would like to thank all my colleagues who wholeheartedly believe in a green, just future and work relentlessly to inspire sustainable lives in every home, as well as our stakeholders, business partners, and consumers for always being a source of inspiration for us to go above and beyond.

Yours sincerely,

Hakan Bulgurlu
CEO, Arçelik



EMPLOYEE FOREWORD

Dear Stakeholders,

The Arçelik family is dedicated to fostering a sustainable life in all regions we operate in. We strive to create sustainable solutions at every stage of our business and in the areas we have an impact on. We are delighted to share that our accomplishments in global sustainability indices and our industry-leading position in sustainability are the result of the collective efforts of Arçelik employees. With great pride, we present the foreword of our 2022 Sustainability Report, which highlights our global sustainability performance. The foreword was written by us, the Arçelik employees, from 30 different countries, including Germany, Austria, Australia, Bangladesh, Czechia, China, Egypt, Italy, France, Indonesia, Spain, Netherlands, India, Malaysia, Morocco, Pakistan, Philippines, Poland, Romania, Russia, Serbia, Singapore, South Africa, Taiwan, Thailand, Türkiye, United Arab Emirates, United Kingdom (UK), United States, and Vietnam.

Today, we recognize that our planet faces a daunting struggle for survival. The climate crisis and the multitude of challenges we confront, such as energy crisis, water scarcity, food security, deforestation, biodiversity loss, waste management, air pollution, agricultural land degradation, social injustice, gender inequality, educational access, poverty, and more, underscore the urgent need for collective action. The climate crisis is no longer a distant prediction; it is an unfolding reality. As we witness unprecedented heat waves, extreme weather events, and increasing wildfires worldwide, we know that we hold the power to put a stop to this detrimental trajectory. Through individual action, corporate responsibility, NGO engagement, and governmental support, we can create significant change by taking action together.

The Arçelik family fully recognizes its responsibility. We know that we can play a vital role in helping our planet

through the power of technology and innovation. We take responsibility for creating a more livable world with our new sustainable products and technologies, our renewable energy investments, our zero-carbon target, our patented circular economy practices such as the use of recycled PET bottles, our sustainability goals, and the transformation we create in our entire value chain together with our suppliers. We support the development of sustainable business models and the reduction of the ecological footprints of our business partners and customers by guiding them to environmentally friendly choices.

The 2022 sustainability performance outlined in this report demonstrates the significant strides we have taken toward a better world and a more equitable future. Our aspiration is to inspire sustainable living in every household worldwide because we consider our true home to be our planet.

We earnestly invite all our stakeholders to embrace more effective actions in safeguarding our home and our planet. Our efforts in sustainability must go beyond what we have achieved thus far. Although borders may separate our nations, we all inhabit the same home, and the decisions we make affect everyone. For this reason, it is in our hands to create a domino effect and reach a more livable world. Because we know that if we really want, we can change the world together!

Arçelik Employees



ARÇELİK AT A GLANCE

As a global company with 13 brands (Arçelik, Beko, Grundig, Blomberg, ElektraBregenz, Arctic, Leisure, Flavel, Defy, Altus, Dawlance, Voltas Beko and Stinol), we offer products and services with subsidiaries in 52 countries, and 30 production facilities in 9 countries with over 40,000 employees worldwide.

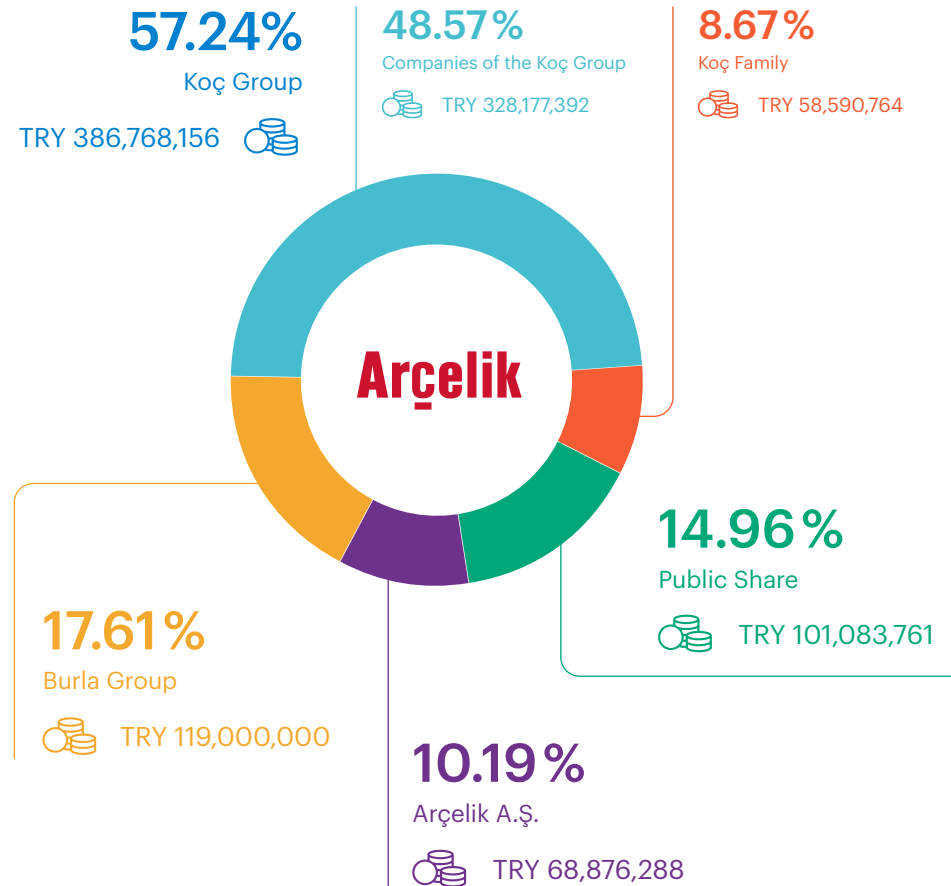
We are among the three largest white goods companies in Europe regarding market share ranking based on volumes. We reached a consolidated turnover of more than EUR 7.7 billion, with 70% of our revenues coming from the international markets. We have up to 3,000 registered global patent applications with 29 R&D and Design

Centers & Offices and more than 2,300 researchers. In 2022, for the fourth consecutive year, Arçelik scored highest among 46 companies assessed in DHP Household Durable Industry in the Dow Jones Sustainability Index of the S&P Global Corporate Sustainability Assessment. Our first Industry 4.0 factory located in Ulmi, Romania, was selected as one of the World Economic Forum (WEF) Sustainability Lighthouses. Our Company was also listed in the Top 20 of the Real Leaders 300 Impact Companies of 2023 and in the Corporate Knights' "2023 Global 100 Most Sustainable Corporations in the World" for the third consecutive year.

OWNERSHIP STRUCTURE

Dated January 2023

Paid in Capital (100%): TRY 675,728,205





2022 HIGHLIGHTS



Financials

Net Sales
EUR 7,709 million

EUR 74.7 million
all environmental related investments and expenditures

Published
Green Bond Allocation and Impact Report
for years 2018 - 2022

Net Sales by Product Group (EUR)

White Goods
6,078 million

Consumer Electronics
530 million

Other
1,100 million

EUR 3.3 million
fund from Horizon Europe Projects



Business

Our CEO, **Hakan Bulgurlu** has been announced as the New Executive Committee (ExCo) member for WBCSD and elected as the new President of Home Appliance Europe (APPLiA)

In addition to being a Global Lighthouse, **Arçelik's Ulmi Plant** designated as one of the ten Sustainability Lighthouses by WEF

Arçelik started to invest **EUR 70.8 million** for the new Singer manufacturing plant at the Bangladesh Special Economic Zone (BSEZ)

Long-term environmental target commitment received from
173 suppliers

Attended **COP27** where the Company signed the Alliance of CEO Climate Leaders open letter for world leaders and also supported Action Declaration of Corporate Knights

Arçelik announced the **Contribution Agreement** to Form a New Standalone European Home Appliance Business with Whirlpool



Environment

Committed Net Zero in 2050
aligned with SBTi Net Zero Standard

7,525 tonnes CO₂e emissions prevented
94,324 GJ energy saved with Energy Efficiency Projects

Opened our first-ever **climate friendly flagship store** with platinum-level LEED certification

Listed in the **Corporate Knight's Earth Index** with its best practices in smart energy management

65% green electricity usage in global manufacturing operations

Started a project with the **World Wildlife Fund (WWF)** and the **Marine Life Conservation Society (DYKD)** to recycle fish nets in Marmara Sea

176,984 m³ of saved water

2022 HIGHLIGHTS

People

- USD 8 million** funds transferred to women entrepreneurs
- Established a new partnership with **Water.org** to provide **10,000 Kenyans with access to safe water**
- 24-hour plogging activity** carried out with Arçelik employees in 50 different countries around the world to raise awareness for sustainable living
- A Global **We-inTech program** carried out in Pakistan, Romania, South Africa and Türkiye to empower women engineers
- Launched the **Climate-Friendly Movement** through our İYİ-GE Platform to raise awareness on climate change

Product

- SaveWater technology** showcased at Internationale Funkausstellung (IFA) 2022 Trade Fair
- 13,207 tonnes** of recycled plastic used in Arçelik products
- 1.65 million** WEEE units recycled in our recycling plants since 2014
- 20 Factories +19,000 pieces of equipment**
- 3,622 users**
- 5 languages**
- Between **84%-99%** recyclability rate of products
- 49.4%** of turnover from energy efficient products

Innovation

- Positioned in the **top 200** in The World Intellectual Property Organization (WIPO) ranking for 10 years
- Engaged in **40 Proof of Concepts (PoCs)** with startups and established **16** collaborations
- R&D Spending **EUR 90.2 million**
- 32 projects** funded in the scope of Horizon Europe
- World's first carbon neutral hackathon **"Hack the Normal Europe"** held with 700 participants from 70 country
- 500** R&D projects carried out



AWARDS AND RECOGNITIONS

For the awards and recognitions, please refer to our website.

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

By scoring **87 (out of 100)** in the 2022 S&P Global Corporate Sustainability Assessment, Arçelik achieves **the highest score** for the **4th time in a row** out of 46 companies assessed in the DHP Household Durables Industry
(Score date: December 16, 2022, DJSI Emerging Markets).



Arçelik has been recognized for leadership in corporate transparency and performance on Water Security with an **A score** and Climate Change with an **A- score** by the global environmental non-profit CDP. We took our place among the companies with the **highest score** in terms of climate issues with our corporate supply chain as part of CDP's annual Supplier Engagement Rating (SER).

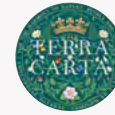


Arçelik and **Beko** have been ranked **16th**, and **17th** in the Real Leaders Top 300 Impact Companies of 2023.



Arçelik has been **listed** among 485 companies in Bloomberg's 2023 Gender-Equality Index (GEI) for the **first time ever in 2023.**

For the full list, please refer to [Bloomberg Gender-Equality Index](#).



As part of the Sustainable Markets Initiative in the UK, the **Terra Carta Seal** is awarded to companies whose ambitions are aligned with those of the Terra Carta, a recovery plan for Nature, People and Planet. The Terra Carta Seal was given to only 45 companies and Arçelik is the first and only company from our industry to be appointed a Terra Carta Seal Holder.



Our Ulmi Plant in Romania and Eskişehir Plant in Türkiye have been listed in the **"WEF Global Lighthouse Network"** for the successful adoption of Fourth Industrial Revolution (4IR) technologies to enhance productivity and performance.

Please refer to [WEF Global Lighthouse Network website](#) to explore more.




Arçelik has been recognized in the Corporate Knights' 2023 Global 100 Index for the **3rd consecutive year.**



Arçelik has been **listed since 2014** in Borsa Istanbul Sustainability Index (BIST). With the beginning of the BIST Sustainability 25 Index calculation, Arçelik has been listed as of 2022.



AWARDS AND RECOGNITIONS

 For the awards and recognitions, please refer to our website.



Arçelik was deemed worthy of the **"Prime"** degree in the International Shareholder Services ESG Rating.



Arçelik has been **listed** on FTSE4Good Emerging Market Index **since 2016** as a company with firm ESG performance measured by FTSE Russell, part of the London Stock Exchange Group.



Arçelik won awards in 3 categories at the Sustainable Business Awards, organized for the 9th time this year. While we received an award in the **Sustainable Business Reporting** category for the 4th consecutive year with our 2021 Sustainability Report, we received an award in the **Sustainability Communication** category with the İYİ-GE Movement. Arçelik-LG was awarded in the **Circular Plastics Management** category with the project 'Making a Difference in the Sustainability Journey of the Air Conditioner Product with the Development and Use of RePPet Raw Material.



Arçelik has obtained a score of **70/100** and has been awarded a **Gold EcoVadis Medal** in 2023 for this achievement. We are proud to be placed in the top 5% of companies rated by EcoVadis.



Arçelik has been rated **AAA** on the Morgan Stanley Capital International Sustainability Index since 2016 and AA in 2015.



Arçelik achieved **1st place** in its sector with **92/100** in Refinitiv 2022 ESG evaluation.



Beko 100 Women Dealers project has been awarded a **"Gold Stevie"** in the Women in Business Awards / Communications Campaign of the Year / Diversity, Equality, Inclusion Category.



Arçelik received **12.8** from Sustainalytics ESG Risk Rating and was assessed to be at low risk of experiencing material financial impacts from ESG factors.



Arçelik ranked in **top 1%** of the top ESG-scored companies in the 2023 S&P Sustainability Yearbook.



Arçelik scored **50/100** in the "Vigeo Eiris" ESG rating.



GLOBAL PARTNERSHIPS AND ENGAGEMENT

With our vision of Respecting the World, Respected Worldwide, we believe in the power of acting together. With our In Touch Technology approach, we design the future and create value for all our stakeholders by establishing strategic collaborations.

To get more information on our global partnerships, memberships and engagements, please refer to our Annex 5: Selected Memberships and Arçelik's Contributions.



We strongly support the UNGC and incorporate its **Ten Principles** into all our business operations. We annually disclose and report our progress following how we applied these Principles.

For our *Communication on Progress (CoP)* and various activities and engagements listed on our *Participant profile*, please refer to *Global Compact website*.

We are proudly part of the UN Global Compact's **CFO Taskforce**, which brings together a multi-sectoral group of corporate finance leaders, investors, financial institutions, and the United Nations to share ideas and develop new concepts and frameworks.

For detailed information, please refer to *CFO Taskforce website*.



We are one of the endorsing companies of the **CEO Water Mandate**, a platform for business leaders and learners to make commitments and enhance water stewardship. As part of our commitments, we established a new partnership with Water.org to support a community program that will empower 10,000 Kenyans in need with access to safe water and sanitation solutions.

Please refer to the *Corporate Citizenship* section to get more detailed information on this new partnership.

We are committed to being a Net-Zero company by 2050 and officially joined the **Business Ambition for 1.5°C, Race to Zero Campaign** in September 2021. The Business Ambition for 1.5°C Campaign began as an urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero.



Koç Holding is a signatory to the Stakeholder Capitalism Metrics (SCM) by WEF International Business Council, and as a Koç Group company, Arçelik reports its performance in line with SCM.

For further details, please refer to *Annex 10. SCM Index*.



Arçelik has approved Science Based Targets in line with the Paris Agreement's scenario of keeping the global temperature rise "well below 2 °C". Accordingly, our targets are to reduce Scope 1 and Scope 2 GHG emissions by 30%, and Scope 3 GHG emissions from the use of sold products by 15% by 2030, compared to the base year of 2018. Arçelik has also committed to set a Net Zero 2050 target aligned with the **SBTi Net-Zero Standard** in March 2022 and needs to set a new near term and long term SBTi target aligned with a 1.5 degree scenario until March 2024. The base year of the new target will be 2022 and the new target will be much more challenging, including all group companies and joint ventures as well as all major domestic appliance product groups.



EP100, bringing together more than 100 energy-smart companies dedicated to using energy more efficiently, is managed by the Climate Group in partnership with the World Green Building Council. Through this membership, we are committed to increasing energy efficiency by doubling our global economic output for each unit of energy consumed from 2010 to 2030 and we plan to implement ISO 50001 Energy Management Systems in all our manufacturing plants by 2025.

In 2022, as a signatory of EP100, Arçelik published its progress in the related targets for the first time and was included with its best practice in smart energy management in the **Climate Group Progress and Insights Report**.



The Business World Plastics Initiative (IPG) implemented by Global Compact Türkiye, Business Council for Sustainable Development Türkiye (SKD Türkiye) and Turkish Industry and Business Association (TÜSİAD) is a voluntary cooperation that aims to prevent the usage of disposable plastic and supporting the vision where plastic never becomes waste in the circular economy. Arçelik became one of the signatory companies in 2021 and reports the progress towards 2023 targets in **IPG Plastics Commitments Progress Reports**.



GLOBAL PARTNERSHIPS AND ENGAGEMENT



WBCSD is a network focused on sustainable development that supports businesses to acquire tools and expertise, engage with sound partnerships, and share knowledge to move forward on their sustainability path. Arçelik's long-term strategy and approach to sustainability issues aligned with the **WBCSD's membership requirements and Vision 2050: Time for Transformation**, which aims to build a future where more than nine billion people can live well within planetary boundaries.

At Arçelik, we support the **WBCSD Manifesto**, which sets out twelve action priorities framed around reducing, removing, and reporting emissions and emphasizes the need for public-private collaboration to drive climate action.

In 2022, we were involved in two working groups under WBCSD that helped us accelerate our transition to climate action. **The SOS 1.5 Initiative** offers an industry-specific roadmap to achieve 1.5°C targets. **The CFO Network** initiative enables the acceleration of financial transformation in the areas of impact standardization, investor engagement, leadership and integration.

Also this year, our CEO, Hakan Bulgurlu was announced as the New Executive Committee (ExCo) member in 2023 for WBCSD.

Additionally, Arçelik joined WBCSD's Reporting Matters program in 2020 to evaluate the compatibility of its sustainability report with international reporting standards. In the scope of this program, Arçelik's 2021 Sustainability Report was evaluated and this 2022 report was prepared in light of the feedback received.



One of our top priorities is concentrating our efforts on combating the climate crisis and incorporating climate-related risk disclosures into our corporate reporting, as well as enterprise risk management systems. As a supporter of the **Task Force on Climate-related Financial Disclosures (TCFD)**, our ambition is to further develop our business towards achieving a low carbon future and ensuring our business is resilient and adaptable for climate-related risks and opportunities. By supporting TCFD, we aim to strengthen the link between climate change and the resulting financial impacts on our business. We have been a signatory of TCFD since 2020 and disclose information about the risks and opportunities of climate change.

For detailed information on Arçelik's TCFD Risk Assessment Responses, please refer to Annex 11.1: TCFD.



Ahead of **COP27**, Arçelik became one of the 100 signatories of the World Economic Forum's (WEF) open letter that addresses world leaders to accelerate net-zero transition. In light of this vision, we work with our stakeholders to encourage all to participate in this alterity.

For the open letter addressed to world leaders, signed by companies that support accelerating the decarbonization process, including Arçelik, please refer to WEF website.



As a Koç Group company, we became a supporter of the Action Coalition platform which aims to mobilize key actors from the private sector, civil society, international organizations and governments around the world to deliver lasting change by tackling key barriers to gender equality in the technology and innovation field for women and girls worldwide. As part of Action Coalitions, starting from 2021, Arçelik submitted 3 commitments to achieve concrete change and set 6 transformative objectives which aim to advance gender equality in technology and innovation over the next 5 years.

In 2022, Arçelik announced its progress in the related targets for the first time in its corporate reports. Please refer to **Corporate Citizenship** section of the report to find more information on the Action Coalition projects and Arçelik's progress in 2022.

For detailed information, please refer to Our Action Coalition Commitments.



Being a signatory of the United Nations Women's Empowerment Principles (WEPs) since 2017, Arçelik focuses on the goal of empowering women in the business world, which is one of the most important elements of accelerating socio-economic development. The Company has been actively promoting gender equality among key stakeholders, raising awareness, increasing women's employment opportunities, and supporting their professional development. Outside of Arçelik's offices and production facilities, women's employment is actively encouraged in the value chain through suppliers, authorized services, dealers, and stores. Arçelik shares its progress and activities in the field of gender equality publicly in its corporate reports every year and take an active role in the events and projects organized by UN Women.

In 2022, Arçelik participated in Gender Responsive Procurement Summit and the launch event of the Gender-Responsive Crisis Management Guidebook for the Private Sector, which Arçelik contributed to the development of through feedback in the pilot phase.



Introduction

Strategic Approach
to Sustainability

In Touch
with Our Planet

In Touch
with Human Needs

In Touch
with Business

A large industrial building with a brick facade and a sign that says "Arcelik". The building is set against a cloudy sky. The foreground shows a wet, reflective pavement with yellow and white markings. The text "Home is where we establish a strong relationship with our shareholders." is overlaid on the image in a large, white, sans-serif font. The word "Home" is in blue, and "is" is in white. The rest of the text is in white.

Home is
where we
establish a strong
relationship with
our shareholders.



VALUE CHAIN

1 Product Design and Raw Material Selection

1

- Eco design criteria
- Focus on resource efficiency in design: materials, water, energy
- LCA studies on main product groups: most impact on the use phase of products
- Material reduction
- Recycled and recyclable materials: collaboration with suppliers
- Focus on ease of disassembly, repairability, durability, and recyclability
- Reliability and modularity projects for components
- Focus on aesthetics, product quality and safety
- Work with suppliers to minimize the impact of the operations in the value chain

2 Product Manufacturing

2

- Continue to invest in energy efficiency & renewable energy projects
- Expanding green electricity purchases and certificates
- Reduction of GHG emission in the manufacturing process
- Water reuse and recycling
- Rainwater harvesting
- Industry 4.0 manufacturing technologies
- Waste and chemical reduction activities
- Health and safety specific projects using AI
- Collaboration with start-ups and suppliers

3 Product Packaging

3

- Reduce packaging volume and weight
- Use recycled and recyclable packaging material alternatives
- Eliminate Expanded Polystyrene (EPS) with sustainable material options

6 Use Phase

6

- Transparent product information
- Reducing energy consumption during lifetime of the product
- Increasing awareness among consumers and influencing their product choices for more efficient products
- Warranty extension
- Developing solutions to understand consumers' needs and expectations

4 Product Warehouse and Logistics

4

- Reduce GHG emissions through logistics optimization (route optimization, alternative transportations, container adjustments)
- Energy and water saving practices at warehouses
- Weekly and monthly based OHS field audits
- Digital Machinery Safety Systems and Forklift Accident Avoidance Systems

8 Take back and Recycling

8

- Two WEEE recycling facilities in Türkiye since 2014
- Take-back programs in other countries
- Closed loop production: use of materials back in Arçelik products

7 Repair and Remanufacturing

7

- Extensive repair network
- Repairability Index working groups for major appliances
- Repairability manuals for end users in customer care websites
- Connected products: synchronization with service technicians via digital tools to reduce service call rates
- Remanufacturing sites at production facilities to give second life to products: sale of refurbished products

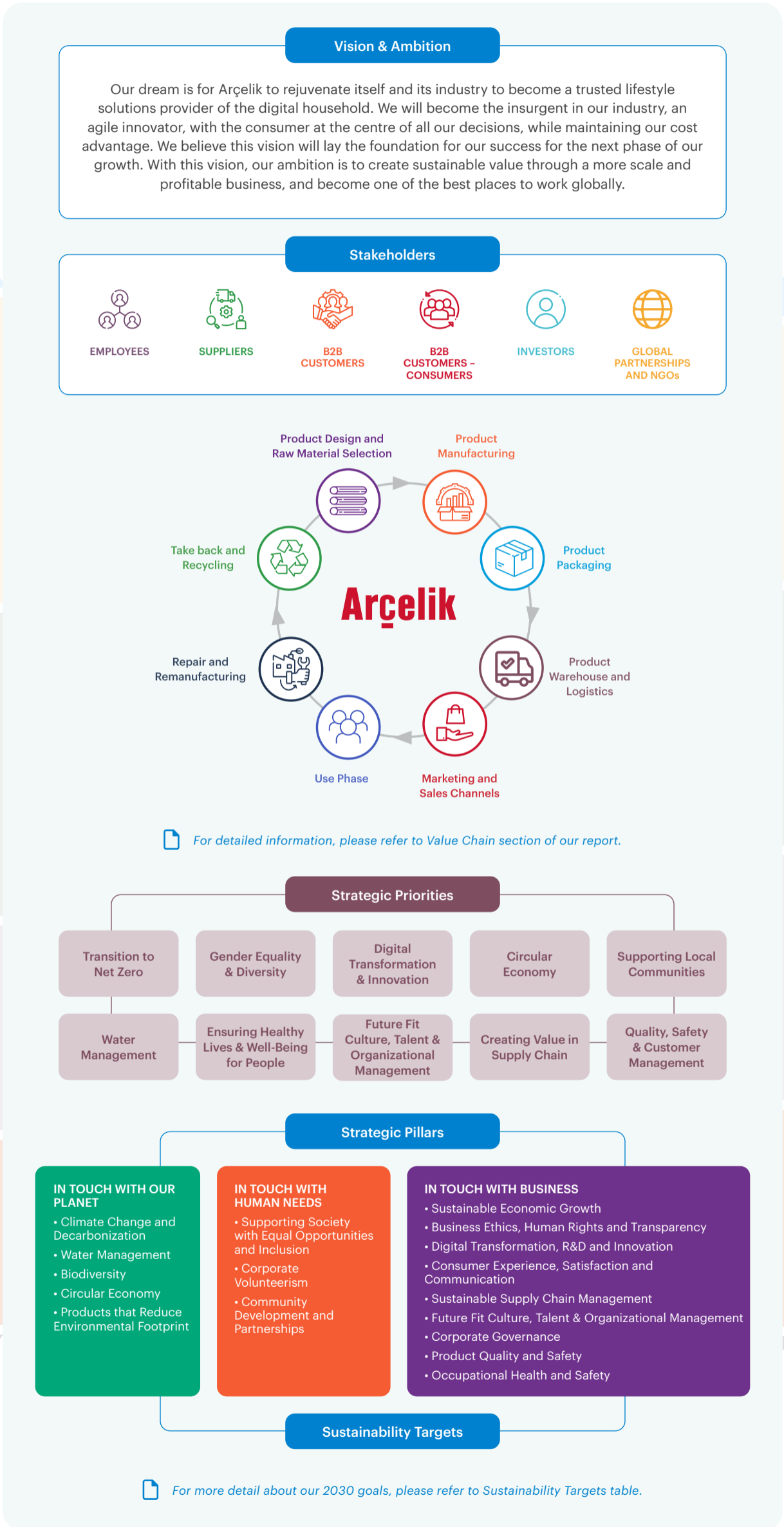
5 Marketing and Sales Channels

5

- Improve customer experience in the stores
- Ensure reliability, continuity, and respectability of all marketing and sales channels
- Support sustainable growth with social and environmental friendly practices

BUSINESS MODEL FOR VALUE CREATION

Where We Create Value	How We Create Value
Capital FINANCIAL CAPITAL <ul style="list-style-type: none"> Green loan agreement for EUR 150 million with the EBRD EUR 350 million Green Bond EUR 74.70 million environmental expenditures and investments 	What operations does the Company carry out by using inputs and resources? <ul style="list-style-type: none"> Risk management Pricing, sales and marketing Systems in investment decisions Cost reduction Campaign and promotions Buyback on stocks
SOCIAL AND RELATIONAL CAPITAL <ul style="list-style-type: none"> 6,921 suppliers in more than 60 countries More than 7,000 authorized services in 19 countries Nearly 3,000 dealers Customer communication channels EUR 4,407,348 on corporate citizenship activities EUR 87 million sponsorship budget Internship programs Memberships to NGOs, trade association and partnerships with other organizations CSR projects (e.g. İYİ-GE, 100 Women Dealers, We-inTech, etc.) Approach to human rights and equal opportunity Purpose driven 13 brands in touch with societies in 52 countries 	What operations does the Company carry out by using inputs and resources? <ul style="list-style-type: none"> Audits, surveys, and campaigns for stakeholders Trainings and support for suppliers & dealers Partnerships and sponsorships R&D Collaborations Quality control for products and services
NATURAL CAPITAL <ul style="list-style-type: none"> 65% green electricity usage in global manufacturing operations 406 energy efficiency projects 10.20 MW renewable energy installed capacity 1,490,105 m³ water withdrawal 8 water efficiency, reuse and recycling projects Shadow carbon pricing and internal water price practices 21 waste reduction projects 612.1 tonnes of recycled plastic packaging used 	What operations does the Company carry out by using inputs and resources? <ul style="list-style-type: none"> Use of alternative and sustainable materials in products Continuous improvements in LCA Emission reduction operations Developing biodiversity focused projects and initiatives
HUMAN CAPITAL <ul style="list-style-type: none"> More than 40,000 employees globally DEI, Human Rights, and OHS structures and policies Gender and equal opportunity practices Average EUR 129,4 spent per FTE on learning and development Employee experience projects and programs In-company rewards and benefits Global Compliance Program and ethics hotline 256 Arçelik volunteers Freedom of association 	What operations does the Company carry out by using inputs and resources? <ul style="list-style-type: none"> Flexible working hours Committee meetings Global Human Rights Due Diligence Process Reward mechanisms Sports clubs, social and wellbeing activities Performance and career evaluation (OKR) and development Young talent programs
INTELLECTUAL CAPITAL <ul style="list-style-type: none"> 31 years of R&D experience 30 R&D and Design centers 2,300+ employees in R&D centers EUR 90.37 million R&D investment Garage Innovation Hub, open innovation platform Market reports and customer research Digital academy platform Licenses and patents held 	What operations does the Company carry out by using inputs and resources? <ul style="list-style-type: none"> Partnerships and engagements Hackathon series Information security management systems and agile transformation Brand road mapping processes
MANUFACTURED CAPITAL <ul style="list-style-type: none"> 30 production facilities in 9 countries Nearly 3,000 dealers Online shopping access of consumers in more than 100 countries New generation equipment that reduces environmental impact 193 warehouses and logistics network A total of 1.65 million m² warehouses in 36 countries 2 owned WEEE recycling facilities 	What operations does the Company carry out by using inputs and resources? <ul style="list-style-type: none"> Distribution centers to strategic points Store infrastructure, service improvements, and quality audits Maintenance and repair of equipment Dissemination of sustainable stores Investments for safety, optimization, transport



Value We Create	
What outputs result from the operations of the Company? How are these outputs measured? (KPIs) <ul style="list-style-type: none"> EUR 7.7 billion revenue EUR 272 million at total profit and 45.3% increase in profit 30% increase in income EUR 688,259 EBITDA EUR 94,452 dividend paid 22.2% OPEX/sales One of top 3 companies in Europe market 141,1% change in share price 	In which area do these outputs create value or cause harm an existing value? <ul style="list-style-type: none"> Accessing the financial funding Ensuring the continuity of operations Arçelik's market share Sustainable growth Indirect economic impact Increased trust in shareholders and investors
<ul style="list-style-type: none"> 128 ethical and social compliance audits No termination due to incompatibility in 2022 Serving 218,209 active customers in online channels The average score of customer satisfaction survey: 99,88% More than 1,000 CSR beneficiaries at total Within the scope of 500 Women Technicians, 8% increase in women technicians in 2022 407 students participating in internship programs 10,735 volunteered employee hours Index scores, recognitions and awards 	<ul style="list-style-type: none"> Sustainable brand perception and brand reputation Transparency and reliability Technical and market knowledge transformation Sustainable supply chain Strengthening stakeholder communication Good customer experience Social and environmental awareness
<ul style="list-style-type: none"> 94,324 GJ energy saving EUR 2,528,199 financial savings from energy efficiency projects 49.4% of energy efficient products in revenue 30% reduction of Scope 1-2 GHG emissions SBTI Net-Zero Standard Energy or/and water efficient products (Energy Efficient Ovens, Tumble Dryer, etc.) 176,984 m³ of water saved, and 18,362 m³ of water recovered Benefit from pricing methodologies 1.65 million WEEE units recycled in our recycling plants since 2014 107,798 tonnes of waste sent to recycling 2,571 tonnes of raw material saved 	<ul style="list-style-type: none"> Supporting the circular economy Social and environmental awareness Resource efficiency and savings Extensive combat against climate change Responsible sourcing and production
<ul style="list-style-type: none"> 39% of open positions filled by internal candidates 1.23% the Lost Time Injury Frequency Rate Diverse working environment with 72 countries. 27% women employee 23% women in management positions 10,109 employees subjected to regular performance and career development evaluation 1,185,376 hours of training 88% participation rate in the annual employee engagement survey and 69% global employee engagement rate 137 cases reported through hotline channels, 47 were substantiated. Total 14 activities with Arçelik volunteers 65.7% of our employees under a collective labor agreement, in global facilities 	<ul style="list-style-type: none"> Equal pay for equal work Health and safety of our employees Transparency, employee engagement, wellbeing and satisfaction Career and talent development Retention Decent working environment
<ul style="list-style-type: none"> 35 recruitments from R&D and innovation workshops (hubs) 12 R&D and innovation workshops (hubs) Top 200 in the WIPO ranking for 10 years Effective management of more than 17 main brands in 52 countries 16 Ongoing Horizon Projects Engaged in 40 Proof of Concepts (PoCs) with startups and established 16 collaborations Connected home appliances Over 3,000 international patents, approximately 800 design registrations, around 3,000 trademarks 61.7% of turnover obtained from low carbon products 	<ul style="list-style-type: none"> Innovative solutions Competitive advantage Highly accessible systems Business continuity Transfer of Information
<ul style="list-style-type: none"> 2 new production facilities included in the operation MDA online sales ratio reached to 27.7% in 2022 with 2.1pp yearly average increase since 2017 WEF sustainable lighthouse 1.65 million WEEE units recycled 	<ul style="list-style-type: none"> Operational efficiency High Production Capacity Customer access/communication through online channels Safe working environment

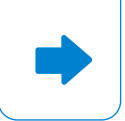


STAKEHOLDER ENGAGEMENT MAPPING

At Arçelik, we recognize the critical importance of understanding our stakeholders' needs and expectations and prioritize identifying and addressing them to the best of our abilities. We have determined our focus groups as employees, suppliers, B2B customers, B2C customers-consumers, global partnerships and NGOs, and investors to map our stakeholder engagement. We specified types of engagement, developed special solutions to expectations, and determined how to create value for each group.



 Please see Stakeholder Engagement Mapping section for more detailed information in our 2022 Sustainability Report.



MATERIALITY ANALYSIS

As Arçelik, we attach utmost importance to positioning ourselves within the ever-changing circumstances in our working environment and global trends in sustainability. In order to do this, we identify and prioritize the issues that are creating or have the potential to create impact throughout our value chain and the effect they have in our business model. We conduct a materiality analysis and do it biannually to keep our

analysis up to date. In 2022, we included the double materiality approach to our analysis in line with the European Union's Corporate Sustainability Reporting Directive (CSRD) requirement.

After revising our materiality analysis in 2021, this year, we used the double materiality approach, which includes the outside-in and inside-out effects of our 35 material issues, and identified

our 5 highest priority issues and integrated them into our entire process.

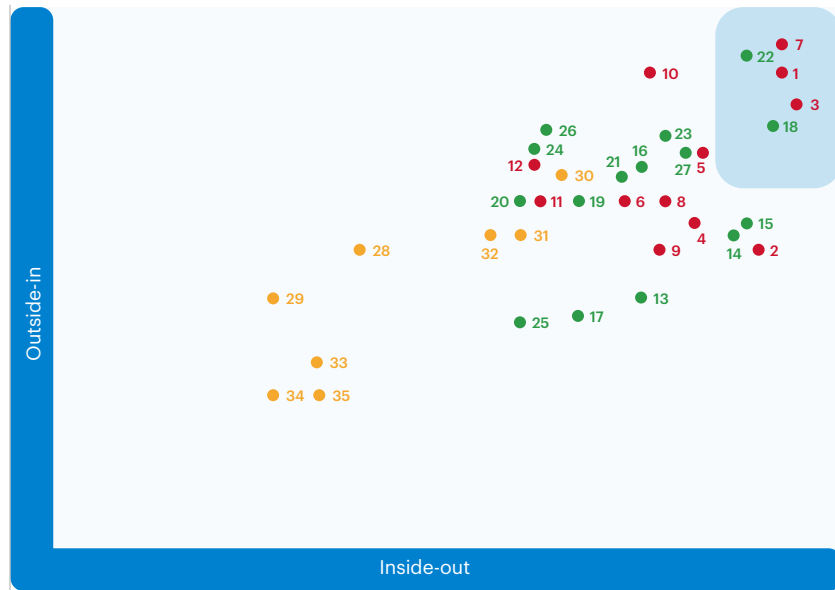
The materiality analysis conducted by Arçelik has a third-party assurance provided by British Standards Institute (BSI).

The analysis identified the following 35 sustainability-related issues as material for Arçelik:

[For more information about the materiality analysis, please refer to our Materiality Map report.](#)

[Please see our detailed Double Materiality Analysis in our 2022 Sustainability Report.](#)

DOUBLE MATERIALITY



Highest priority issues based on double materiality analysis

VERY HIGH PRIORITY

1. Climate Crisis and Reducing Carbon Emissions
2. Energy Efficiency
3. Eco-efficient Products
4. Product Quality
5. Water Management
6. Occupational Health and Safety
7. Supply Chain Management
8. Business Ethics and Transparency
9. Human Rights and Fair Working Conditions
10. Risk Analysis and Regulatory Compliance
11. Renewable Energy Production and Green Energy Use
12. Talent Management and Capacity Transformation

HIGH PRIORITY

- | | |
|--|---|
| <ol style="list-style-type: none"> 13. Product Solutions that Prevent Plastic Pollution 14. Resource Efficiency in Product Manufacturing 15. Operational Waste and Zero Waste Approach 16. Information Security and Management of Cyber Risks 17. Employee Well-being 18. Products Designed with a Circular Approach and Lifecycle Management 19. Diversity and Inclusion 20. Biodiversity 21. Digitalization | <ol style="list-style-type: none"> 22. Product Safety and Chemical Management 23. Investing in New Climate and Eco-friendly Product and Service Solutions 24. Sustainable Use of Raw Materials 25. Open Innovation 26. Sustainable Technology and Innovation 27. Smart Product and Digital Technologies |
|--|---|

MEDIUM IMPACT

28. Responsible Marketing and Responsible Consumption
29. Corporate Governance
30. Sustainable Packaging
31. Combating Deforestation
32. Conflict Minerals Management
33. Local Socio-Economic Development
34. Products and Services for Disadvantaged Groups
35. Impact-Oriented Community Programs



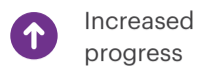
SUSTAINABILITY TARGETS



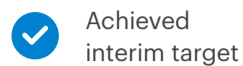
Decreased progress



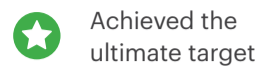
Progress maintained



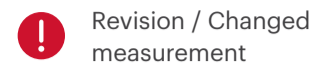
Increased progress



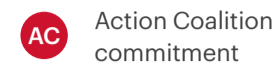
Achieved interim target



Achieved the ultimate target



Revision / Changed measurement



Action Coalition commitment

In Touch with Our Planet

TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	STATUS IN 2022	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGs
2030	Establish renewable energy systems with 50 MW capacity By 2025: 10 MW Capacity	3.26 MW	10.20 MW	✓	1. Climate Crisis and Reducing Carbon Emissions 11. Renewable Energy Production and Green Energy Use	7, 9, 12, 13
	100% green electricity usage in global manufacturing operations*	69%	65%*	↓	1. Climate Crisis and Reducing Carbon Emissions 11. Renewable Energy Production and Green Energy Use	7, 9, 12, 13
	Reduce energy consumption per product by 45% in all manufacturing plants ¹ (From 2015 baseline) <small>1-The first scope of the target included South Africa, Russia, Türkiye, Romania, China, Thailand, and Pakistan operations. Subsequently, Singer Bangladesh has been acquired; we have extended the scope and included Singer Bangladesh in the 2020 actuals. In 2021 the scope has been extended again due to new acquisitions such as the Manisa plants, Arçelik-Hitachi plants, and integration of the Voltas Beko plant. We have not revised our target year or target value, but the scope of the target has been changed to Global Operations. In 2022, the scope has been extended including Arçelik-LG. We continue to preserve our target year and target value.</small>	18.7%	26.5%	↑	1. Climate Crisis and Reducing Carbon Emissions 2. Energy Efficiency	7, 9, 12, 13
	Doubling energy productivity* (compared to 2010 baseline) <small>* In 2022 the reporting scope was expanded to also cover all global manufacturing plants&HQ.</small>	61.9%	96%	↑	2. Energy Efficiency	7, 9, 12, 13
	Make a minimum USD 50 million investment in renewable energy and energy efficiency (base year 2019)	USD 3,773,672	USD 16,353,840	↑	1. Climate Crisis and Reducing Carbon Emissions 2. Energy Efficiency	7, 9, 12, 13
	Reduce Scope 1-2 GHG emissions by 30% (approved SBTi Target)	20% reduction	28% reduction	↑	1. Climate Crisis and Reducing Carbon Emissions	7, 9, 12, 13
	Reduce Scope 3 GHG emissions from use of sold products by 15% (approved SBTi Target)	13% reduction	19% reduction	↑	1. Climate Crisis and Reducing Carbon Emissions	7, 9, 12, 13
	Reduce water withdrawal per product by 45% in all manufacturing plants* (from 2015 baseline) <small>* excluding JVs</small>	31%	32%	↑	5. Water Management	6, 9, 12
	Increase the water recycling and reuse ratio to 70% in all manufacturing plants* <small>* excluding JVs</small> Water recycling and reuse ratio = (Total recycled + reused water)/Total water withdrawal	9%	9%	=	5. Water Management	6, 9, 12
	Increase the waste recycling rate* to 99% in all manufacturing plants** <small>* Recovered waste includes waste to recovery and waste to incineration with energy recovery. ** excluding JVs</small>	96%	96%	=	15. Waste Management	9, 12
	Standardize Arçelik Green Chemistry Management System in products and manufacturing plants globally	39%	42%	↑	22. Product Safety and Chemical Management	12
	Increase recycled plastic content* to 40% <small>* MDAs produced our manufacturing plants excluding JVs</small> By 2025: Increase to 20%	4.4%	8%	↑	13. Product Solutions that Prevent Plastic Pollution 24. Sustainable Use of Raw Materials	9, 12, 14
	Increase bio-based material content* to 5% <small>* MDAs produced our manufacturing plants excluding JVs</small> By 2025: Increase to 2.5%	Limited bioplastic use	Limited bioplastic use	=	13. Product Solutions that Prevent Plastic Pollution 24. Sustainable Use of Raw Materials	9, 12
	2025	Implement ISO 50001 Energy Management Systems across all our manufacturing plants	58%	71%	↑	1. Climate Crisis and Reducing Carbon Emissions
Reach the target of 450 MW Arçelik-branded PV panel sales per year By 2022: The sales target is 51 MW	9 MW Arçelik-branded PV panel sales between 2021 April - December.	85 MW Arçelik-branded PV panel sold in 2022.	↑	11. Renewable Energy Production and Green Energy Use 23. Investing in New Climate and Eco-Friendly Product and Service Solutions	7, 9, 12, 13	
2023	Business Plastic Initiative commitments of Arçelik that aim to prevent the usage of disposable plastic and apply circular economy practices to reduce waste		For progress of targets, please refer to Product Stewardship Section.	✓	13. Product Solutions that Prevent Plastic Pollution 24. Sustainable Use of Raw Materials	9, 12

WHAT'S NEXT

In 2022, the scope of this target has been extended due to new acquisitions and the integration of new plants. Besides, we could not purchase EAC for our Russia Plants since green electricity certification issuing body has ceased their operations in Russia. This is why the 2022 actuals seem lower than those for 2021. We will continue purchasing green electricity in all countries where Arçelik has production facilities (based on the availability of green electricity in those countries) by 2030. In addition to this, we are installing solar power plants to meet our own electricity consumption.



SUSTAINABILITY TARGETS



Decreased progress



Progress maintained



Increased progress



Achieved interim target



Achieved the ultimate target



Revision / Changed measurement



Action Coalition commitment

In Touch with Human Needs

TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	STATUS IN 2022	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGs
2030	<p>Raise awareness among 241.3M unique people* about healthy living</p> <ul style="list-style-type: none"> - Innovate technologies and projects that encourage healthy living - Raise awareness and knowledge about healthy living through education - Generate excitement <p>By 2025: 164.2M total cumulated unique reach By 2023: 135.7M total cumulated unique reach</p> <p>* Total reach numbers consist of unique people. Each year brand will share cumulated unique reach numbers. The targeted number has been changed due to change in measurement method (from not unique cumulated reach to unique cumulated reach)</p>	<p>60 million people reach (single user) from Connections campaign.</p> <p>9 million people reach (single user) from sustainability range.</p>	<p>123.4 M total cumulated unique reach</p>	!	<p>28. Responsible Marketing and Responsible Consumption</p> <p>35. Impact-Oriented Community Programs</p>	
	<p>Raise awareness on how to prevent food waste among 265.3M unique people* through Respect Food communication campaigns</p> <p>By 2025: 164.7M total cumulated unique reach By 2023: 124.5M total cumulated unique reach</p> <p>* Total reach numbers consist of unique people. Each year brand will share cumulated unique reach numbers. The targeted number has been changed due to change in measurement method (from not unique cumulated reach to unique cumulated reach) reach numbers.</p>	<p>50.5M unique people reach through various campaigns and 13.9M people with Ruhun Doysun contents</p>	<p>108.3 M total cumulated unique reach</p>	!	<p>28. Responsible Marketing and Responsible Consumption</p> <p>33. Local Socio-Economic Development</p> <p>35. Impact-Oriented Community Programs</p>	
	<p>Serve 6.4 M meals to people in need and save 1,810 tonnes of food from being wasted</p> <p>By 2025: 4M meals served & 1,326 tonnes of food prevented By 2023: 3M meals served & 1,267 tonnes of food prevented</p>	<p>By the end of 2021: 670 tonnes of food saved, 1.5M meals served to 850K guests</p>	<p>By the end of 2022: 1,070 tonnes of food saved, 2.4 M meals served to 1.2M guests</p>	!	<p>28. Responsible Marketing and Responsible Consumption</p> <p>35. Impact-Oriented Community Programs</p>	
	<p>Support the needs of communities with local hero brands in Türkiye, Romania, South Africa, and Pakistan</p> <p>By 2026: Expand the program "You are an Engineer, You Are with Us" / "We-inTech" implemented only in Türkiye in 2019 to Romania, Pakistan, and South Africa</p>	<p>13 recruitments in R&D from local Türkiye workshops in 2021 and 2019 "Arctic Women Community" in Romania Mentorship for new mothers, and Equal Dictionary implementation for checking discriminatory words, and women's leadership webinars by Dawlance in Pakistan Hack the Normal</p>	<p>44 women engineering students from Türkiye, Pakistan, S.Africa and Romania participated in We-inTech program, reaching 162 women students in total since 2019</p>	!	<p>19. Diversity and Inclusion</p> <p>33. Local Socio-Economic Development</p> <p>35. Impact-Oriented Community Programs</p>	
2026	<p>With Arçelik and Beko brands in Türkiye: Provide STEM training to 100,000 girls</p> <p>Reach and train 20,000 students each year*</p> <p>* Due to the major earthquake that happened in Türkiye in February 2023, the program has been suspended and the yearly target has been postponed.</p>	Newly added	<p>241 teachers** from 81 provinces were trained</p>	✓	<p>35. Impact-Oriented Community Programs</p>	
	<p>Increase the number of women entrepreneurs in the dealer ecosystem by boosting the percentage of women Beko dealers from 4.8% to 25%</p> <p>2022 : 9% 2023 : 12% 2024 : 16% 2025 : 21% 2026 : 26%</p>	Newly added	<p>9% with 92 dealers and 99 stores in 2022</p>	✓	<p>12. Talent Management and Capacity Transformation</p> <p>19. Diversity and Inclusion</p> <p>35. Impact-Oriented Community Programs</p>	
	<p>Reach 2,500 women entrepreneurs through global-scale entrepreneurship programs and contribute to fund transfers for women-led startups every year*</p> <p>* Target has been revised, please refer to p.90 for detailed information.</p> <p>2022 : 250 participant, 500k \$ 2023 : 500 participant, 5M\$ fund 2024 : 500 participant, 8M\$ fund 2025 : 500 participant, 8M\$ fund 2026: 750 participant, 8.5M\$ fund</p>	Newly added	<p>USD 8 million fund was transferred 359 women entrepreneurs/candidates were reached</p>	<p>✓</p> <p>!</p> <p>★</p>	<p>19. Diversity and Inclusion</p> <p>25. Open Innovation</p> <p>35. Impact-Oriented Community Programs</p>	
	<p>Enable women to gain new professional technical competencies and increase the percentage of women technicians working at Arçelik Authorized Services from 6.7% to 14%</p> <p>2022 : 8% 2023 : 9.5% 2024 : 11% 2025 : 12.5%</p>	Newly added	<p>8% with a total of 482 active women employees</p>	✓	<p>12. Talent Management and Capacity Transformation</p> <p>19. Diversity and Inclusion</p>	
2025	<p>With Arçelik brand in Türkiye: Raise awareness and increase knowledge among another 15M people including Arçelik consumers and children on adopting climate-friendly lifestyle</p> <p>* Total reach numbers do not reflect number of unique people.</p>	<p>Arçelik brand focusing on the vision of responsible production and consumption, carried out the transformation of Arçelik Designs Goodness with Love. The campaign reached a total of 14.7 million people since the it began in February 2021</p>	<p>Reached and touched 30M+ people in 2022 with all communication channels</p>	★	<p>1. Climate Crisis and Reducing Carbon Emissions</p> <p>28. Responsible Marketing and Responsible Consumption</p> <p>35. Impact-Oriented Community Programs</p>	

* Target has been revised, please see the "What's Next" box at right.

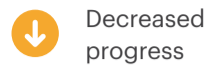
** Due to the major earthquake that happened in Türkiye in February 2023, the program has been suspended and the yearly target has been postponed.

WHAT'S NEXT

Based on the results achieved in the first year, the 2026 target has been revised. While the target of reaching women entrepreneurs was decreased to 2,500 due to the low number of women entrepreneurs in the entrepreneurship ecosystem, the financial target was increased to 30 million dollars since it was achieved in the first year.



SUSTAINABILITY TARGETS



Decreased progress



Progress maintained



Increased progress



Achieved interim target



Achieved the ultimate target



Revision / Changed measurement



Action Coalition commitment

In Touch With Business

TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	STATUS IN 2022	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGs
2030	Increase the average training hours per employee to 35 hours	18.7 hours (globally)	28.9 hours (globally)	↑	12. Talent Management and Capacity Transformation	4 QUALITY EDUCATION
	Convert 40% of training activities to online platforms <i>By 2025: 20% of training activities on online platforms</i>	This rate was 6.6% in the training of monthly and hourly waged employees.	This rate was 8% in the training of monthly & hourly paid employees.	↑	12. Talent Management and Capacity Transformation 17. Employee Well-being	4 QUALITY EDUCATION
	Increase the percentage of women:					
	- in the total workforce to 35%	26%	27%	↑		
	- in all management positions to 30%	19%	23%	↑		
	- in junior management positions to 35%	22%	24%	↑		
	- in top management positions* to 32% <i>* One and two levels away from the CEO</i>	25%	27%	↑	19. Diversity and Inclusion	5 GENDER EQUALITY, 8 ECONOMIC GROWTH
	- in management positions in revenue-generating functions to 25%	16%	19%	↑		
	- in STEM related positions to 38% AC	18%	19%	↑		
	- Assign three women directors in STEM-related departments	1	1	=		
Reach 5,000 supplier employees for OHS training <i>By 2022: OHS training for 1,000 supplier employees By 2023: OHS training for 1,500 supplier employees By 2025: OHS training for 2,500 supplier employees</i>	Newly added	1,840 supplier employees	✓	6. Occupational Health and Safety 7. Supply Chain Management	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 17 PARTNERSHIPS FOR THE GOALS	
Ensure suppliers* exceeding 500 ToE obtain the ISO 50001 certificate <i>* 90% of our purchasing volume By 2025: Ensure suppliers* exceeding 1,000 ToE obtain the ISO 50001 certificate * 90% of our purchasing volume</i>	58% of our purchasing volume for the suppliers exceeding 1,000 ToE within the scope	31%* of our purchasing volume for the suppliers exceeding 1,000 ToE within the scope.	↓ !	7. Supply Chain Management	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
Collect, monitor, and publicly disclose compiled data of supplier's* Scope 1-2 GHG emissions, energy, water, and waste and encourage them to set their own targets <i>* 90% of our purchasing volume</i>	#Data collected from 151 suppliers #183 suppliers commitment to set their own targets	#Data collected from 159 suppliers #173 suppliers commitment to set their own targets	↑	7. Supply Chain Management	4 QUALITY EDUCATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	
With Arçelik brand in Türkiye: Become a solution partner that offers sustainable choices for households to adopt more sustainable lifestyles	Newly added	First climate-friendly store has opened in Izmir, Turkey with climate-friendly house sample.	↑	28. Responsible Marketing and Consumption	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	
Ensure our suppliers* apply for ISO 14001 certification <i>* 90% of our purchasing volume</i>	77%	99%	★	7. Supply Chain Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	
Ensure 100% compliance of critical suppliers with Arçelik Conflict Minerals Policy	74%	73%	↓	7. Supply Chain Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS	

WHAT'S NEXT

With the increase in the number of suppliers exceeding 1000 TEP, our scope has been wider. Towards our target, we will ensure the suppliers within our scope have the certificate.



CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS



At Arçelik, we support the UN Sustainable Development Goals (SDGs) and aim to positively impact society and the environment by addressing contemporary challenges. Our planetary and societal contributions are interconnected with our corporate values and business model. While prioritizing the SDGs, we examined their compatibility with our materiality issues, sustainability strategy and strategic targets.

 For more information on the Arçelik's SDG prioritization process and its contributions, please refer to Arçelik 2022 Sustainability Report.

OUR STRATEGIC PRIORITIES CONTRIBUTING TO SDGS

<p>Transition to Net Zero:</p> <p>SDG 7, SDG 9, SDG 12, SDG 13, SDG 14</p>	<p>Gender Equality & Diversity:</p> <p>SDG 4, SDG 5, SDG 8, SDG 10, SDG 17</p>	<p>Digital Transformation & Innovation:</p> <p>SDG 9, SDG 12</p>
<p>Circular Economy:</p> <p>SDG 9, SDG 12, SDG 13, SDG 14</p>	<p>Supporting Local Communities:</p> <p>SDG 12, SDG 17</p>	<p>Future Fit Culture, Talent & Organizational Management:</p> <p>SDG 4, SDG 5, SDG 8, SDG 17</p>
<p>Ensuring Healthy Lives & Well-Being for People:</p> <p>SDG 3, SDG 8</p>	<p>Quality, Safety & Customer Management:</p> <p>SDG 3, SDG 9, SDG 12, SDG 13</p>	<p>Creating Value in Supply Chain:</p> <p>SDG 3, SDG 12, SDG 13</p>



Introduction

Strategic Approach
to Sustainability

In Touch
with Our Planet

In Touch
with Human Needs

In Touch
with Business



Home is
Where We
Need to Use
Resources
More Efficiently.



IN TOUCH WITH OUR PLANET

With a strong focus on sustainability, we are committed to reducing our environmental footprint. To achieve this goal, we are steadily progressing on our roadmap to improving our environmental performance. Along with our work that contributes to **natural capital and intellectual capital** we align our actions with our strategic pillars **Climate Change and Decarbonization, Water Management, Circular Economy, Biodiversity, and Products that Reduce Environmental Footprint.**

Our environmental efforts are guided by legal compliance, policies and internationally recognized standards. In addition, 100% of our manufacturing plants have ISO 14001 Environmental Management System (EMS) Certificate which provides a systematic framework for integrating environmental management practices, supporting environmental protection, pollution prevention, waste minimization, as well as reducing energy, water and materials consumption.

During the reporting period we had neither monetary fines nor non-monetary sanctions indicating non-compliance with environmental laws and regulations.

 *Please refer to the Sustainability Targets section to explore Arçelik's environmental targets and its 2022 progress.*



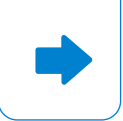
Related Capitals



Natural



Intellectual



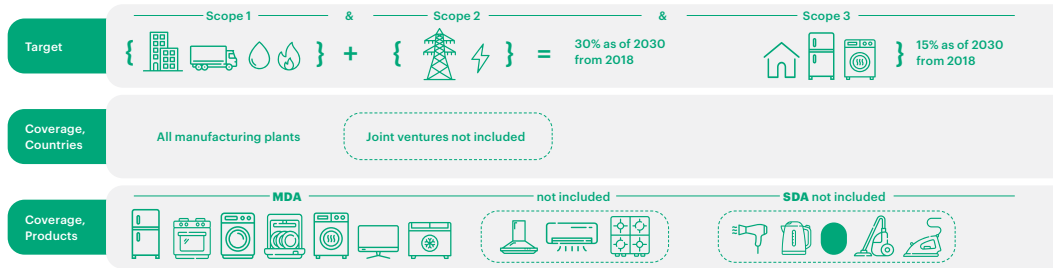
CLIMATE CHANGE AND DECARBONIZATION

OUR SCIENCE BASED TARGETS

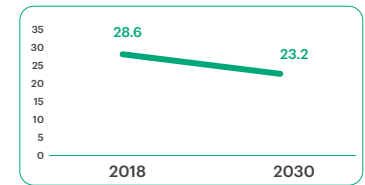
Arçelik has approved Science Based Targets (SBTs) for a well-below 2-degree scenario to reduce Scope 1 and Scope 2 GHG emissions by 30% and Scope 3 GHG emissions from the use phase of sold products by 15% by 2030 from a 2018 base year.

Arçelik has also committed to the Science Based Targets Initiative to become a Net Zero Company as of 2050 in line with the Science Based Targets Net Zero Standard. This means that Arçelik will set even more ambitious near term and long-term Science Based Targets in line with a 1.5 degree scenario. We will revise the new base year target as 2022 and broaden the scope to include all Arçelik's joint ventures as well as all MDA (major domestic appliance) product groups. We will submit our Net Zero Target to the Science Based Targets Initiative as of 2024 March for validation.

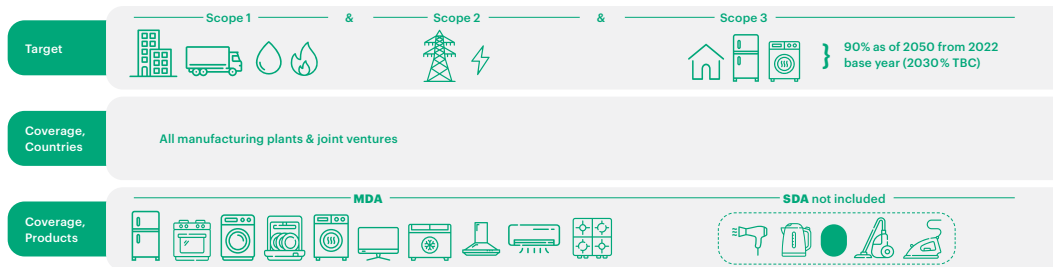
Approved Near Term Target
Aligned with a well below 2 degree scenario
Joint ventures not included in scope & not all MDA included in the scope
Base Year 2018 - Target Year 2030



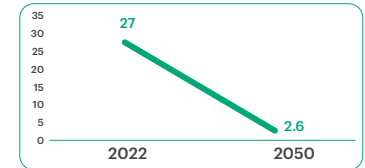
Approved SBTs (until 2030) figures in MtCO₂e



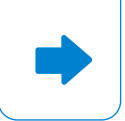
Committed Net Zero 2050 Target
Aligned with a 1.5-degree scenario
All Arçelik production plants including joint ventures & all MDA products included in scope
Base Year - 2022 Near Term Target: 2030 Long Term Target: 2050
Reduce Scope 1, 2, 3 emissions 90% as of 2050 from 2022 baseline
Invest in permanent carbon removal credits for residual 10% emissions



Commitment to SBTi Net Zero (until 2050) figures in MtCO₂e



The details of our net-zero roadmap and the actions that will be taken to reduce Scope 1, 2 and Scope 3 emissions are publicly available on our website and in our 2022 Sustainability Report.



CLIMATE CHANGE AND DECARBONIZATION

ENERGY EFFICIENCY AND RENEWABLE ENERGY

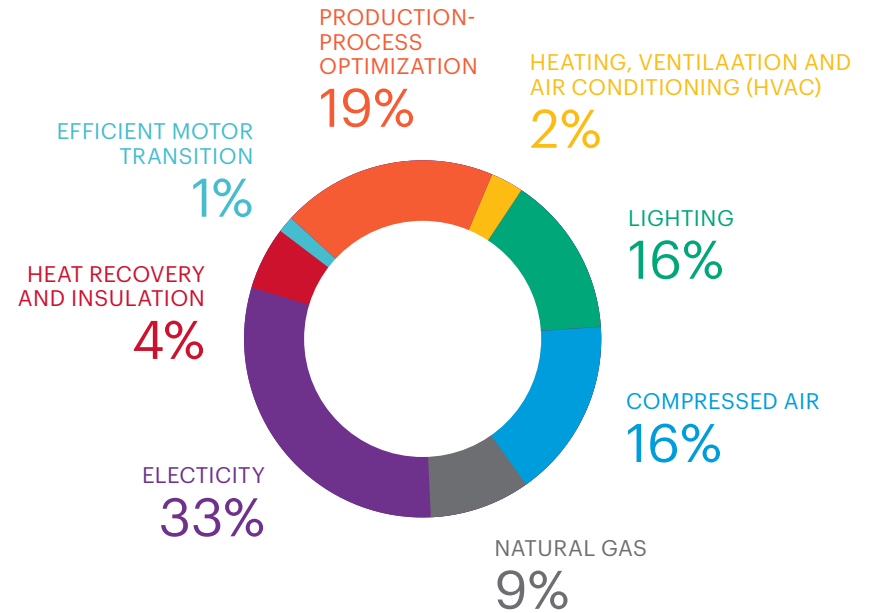
At Arçelik, we are working on finding solutions to reduce our use of energy, such as through our various energy efficiency projects and increased use of renewable energy.

- As a member of the EP100, a global initiative led by the international non-profit Climate Group, we have committed to increasing the number of ISO50001 certified factories to 100% and doubling economic output for every unit of energy consumed globally by 2030, compared to 2010. As of 2022, 71% of our factories (HQ included) have ISO 50001 Energy Management Certificates. In addition, we have reached 96%* towards our aim of doubling economic output for every unit of energy consumed globally by 2030, compared to 2010.
- We have invested in better alternatives and improvements for energy efficiency, and have worked on areas such as insulation, heat recovery, energy

efficient motor transition, and process optimization in compressed air, heating, ventilation, air conditioning systems, and lighting systems. We have carried out a total of 406 energy-saving projects at production sites, resulting in a total energy conservation of around 94,324 GJ. As a result of our enhanced efficiency, we have been able to avoid emitting 7,525 tons of CO₂e and save EUR 2,528,199.

- In 2022, our green electricity covered 65% of our global operations which is in line with our target of increasing the green electricity ratio to 100% in all countries where we have production facilities by 2030.
- With the different technologies we have in some of our factories such as photovoltaics, concentrated solar power and a solar wall, we reached a total of 10.20 MW solar plant capacity as of the end of 2022. In 2022, we generated 10,762 GJ of electricity and prevented 1,258 tonnes of CO₂e emissions.

Arçelik Global - 2022 Projects



Please refer to our 2022 Sustainability Report to reach more information on our energy efficiency and renewable energy practices carried out in 2022.

** This ratio calculated with FY 2022 data. In the EP100's 2022 Annual Report, Arçelik's data was given as FY 2021 data.



CLIMATE CHANGE AND DECARBONIZATION

Solar Business

Since 2019, the Energy Management teams of Arçelik and Arçelik Pazarlama A.Ş. have been working in the solar energy sector as part of Koç Holding's solar panel project, having received ESCO certification from the Ministry of Energy and Natural Resources of Türkiye. Our energy teams collaborate on engineering, system selection, installation, permit processes, system monitoring, and maintenance of solar energy systems with the support of Arçelik Solar Solutions Partners who possess expertise in solar energy system engineering, procurement, and construction (EPC), with handling industries that require these services.

We offer two models, 540/545 W solar panel, including 144 half-cut M10 cells, designed for industrial usage and 455 W solar panel, including 144 half-cut M6 cells for private usage. All models come with a 12-year product warranty and at least 83% linear performance guarantee for a period of 25 years.

In August 2022, we signed an annual solar panel production agreement with a solar panel manufacturer in Türkiye to produce Arçelik branded solar panels with the raw materials, purchased by Arçelik Procurement Department. Thus, we can control the quality of all raw materials and audit all production processes in conformity with the Arçelik Solar Panel Acceptability Criteria.

By deploying Arçelik-branded panels in the Turkish market and generating up to 85MW of capacity by the end of 2022, we contributed towards our customers saving 55,000 tons of carbon emissions overall.





WATER MANAGEMENT

At Arçelik, reducing our consumers' water footprint as well as that of our operations is one of our top priorities. To decrease our water withdrawal in all our manufacturing plants, we perform water efficiency, water recycling and reuse projects.

- In the last 13 years, we have saved 2.35 million m³ of water with water efficiency and rainwater harvesting projects implemented in Arçelik Türkiye, Arctic Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan and Singer Bangladesh manufacturing plants. This is equivalent to the daily water consumption of approximately 2.9 million Turkish households.
- In 2022, we saved a total of 176,984 m³ of water, thanks to water efficiency and rainwater harvesting projects carried out in Arçelik Türkiye, Arctic Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan and Singer Bangladesh manufacturing plants.

- We recycled and reused the wastewater from R&D laboratories, wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop at the Arçelik Washing Machine Plant in Istanbul, Türkiye. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 114,108 m³ of water.
- At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 18,362 m³ of water by recycling and reusing wastewater and harvesting rainwater.
- At the Arçelik Refrigerator and Compressor Plants in Eskişehir, Türkiye, we saved 7,832 m³ of water by reducing the number of active working nozzles used in the pallet washing process, preventing water leakages, and reusing water in the paint shop.
- At the Arçelik Refrigerator Plant in Manisa, Türkiye, we reduced 12,500 m³ of water by decreasing chemical usage.


CEO Water Mandate

In the first quarter of 2022, Arçelik had become 1 of the 200+ companies that have signed the CEO Water Mandate. A UN Global Compact Initiative, the CEO Water Mandate is a commitment platform for business leaders and learners to advance water stewardship by committing to action across 6 core areas:

- Direct Operations
- Supply Chain and Watershed Management
- Collective Action
- Public Policy
- Community Engagement
- Transparency

As an endorsing company, in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate and report our progress annually.

As a part of our commitments, we established a new partnership with Water.org to support a community program that will empower 10,000 Kenyans in need of access to safe water and sanitation solutions.

 *For more detailed information on our collaboration with Water.org, please refer to Community Development and Partnerships.*

 *Please refer to our 2022 Sustainability Report to get more detailed information on Arçelik's Water Management.*



WASTE MANAGEMENT

The near-zero waste concept aims to reduce, reuse, and recycle waste at its source, and minimize all waste where landfill and energy recovery are applied. We aim to increase our waste recovery rate*, which was 96% in our production in 2022, to 99% by 2030.

- At the Arçelik Electronics Plant in Tekirdağ, Türkiye, we reduced 480 tons of packaging waste by reusing waste cardboard and waste wooden pallets generated in the plant.
- We reduced 120 kg of paint waste at our Beko LLC Refrigerator and Washing Machine Plant in Kirzhach, Russia by optimizing the size of the sample during painting and by modifying the painting chambers.
- At the Arçelik Refrigerator Plant in Eskişehir, Türkiye, we prevented 2,544 tons of packaging waste by switching from a wooden palette to a smart palette.

- At the Arçelik Refrigerator Plant in Eskişehir, Türkiye, we prevented 60 tons of packaging waste by thinning the case bag used in the material supply processes.
- At the Arçelik Washing Machine Plant in Manisa, Türkiye, we prevented 12.6 tons of scrap waste with the screwdriver optimization which reduce the unnecessary implemented force on the washing unit.

 *For more detailed information on Arçelik's Waste Management, please refer to our 2022 Sustainability Report.*

NO DEFORESTATION

As Arçelik, we are working to eliminate deforestation within our supply chain. Arçelik's Biodiversity and No Deforestation Policy is launched within the scope of activities affecting deforestation along the value chain in the reporting year.

We are committed to no gross deforestation from our operations' activities by 2050.

 *For more information on Biodiversity and other Environmental Management studies of Arçelik, please refer to our 2022 Sustainability Report.*

* Recovered waste includes waste to recovery and waste to incineration with energy recovery in this target. Joint venture plants are not included.



PRODUCT STEWARDSHIP

Arçelik innovates products and services to reach a closed circular economy by increasing products' recyclability rates, the usage of recycled content in products and their packaging, reusing products and parts, eliminating potentially harmful substances, and by properly managing the end-of-life processes including take-back and recycling. We extend product life through increasing the durability, reparability, and reusability of our products and alternative end-of-life stages to contribute to a circular economy.



"In Circularise we truly believe end-to-end traceability along supply chains is possible through digitalisation technologies to create end-products trustful chain of custody from their upstream raw materials. With this shared vision, Arçelik joined us last 2022 in a pioneering project together with 14 sustainability frontrunner companies to prove digital traceability of one of their biofridges."

LAURA CORREDOR
IT Circular Project Manager

CASE STUDY

ISCC and Circularise pilot blockchain technology with 10 companies including Arçelik, to complement mass balance certification. Mass Balance chain of custody is a solution that facilitates to gradually replace fossil materials with sustainable alternatives and supports a shift towards a circular economy.

In this project, participants came together to explore Circularise's blockchain-based digital system with the ISCC PLUS certification in order to enable a transparent and digital flow of information regarding innovative and sustainable materials through the supply chain, which will help us ensure tracking of accurate and transparent data, and ease overall circular economy implementations in the lead-up to full transition.

[More information on this project, please refer here.](#)



Please refer to our 2022 Sustainability Report's Product Stewardship section to get more detailed information on Arçelik's product lifecycle process and its sustainable products.



GREEN FINANCING

GREEN BOND

As Arçelik, we have issued green bonds with a nominal value of EUR 350 million and a five-year maturity. The bond attracted a high level of demand from investors – being almost five times oversubscribed. More than 145 investors have invested in the bond, the coupon rate of which was determined as 3.00%. With this fund, we aim to finance Eligible Green Projects including energy-efficient, eco-efficient, and circular economy-adapted products and the promotion of energy efficiency in production. Thus, the proceeds will support the company's investments in energy and water efficient products, energy efficiency in production, sustainable water and wastewater management, pollution control and prevention, renewable energy, and green building initiatives.

 For detailed information, please refer to [Green Financing Framework](#).

 Please refer to [Arçelik's Green Bond Allocation and Impact Report for years 2018-2021](#).

 Please refer to [Green Bond Allocation and Impact Report 2022](#).

GREEN LOAN

We have signed an eight-year loan agreement for EUR 150 million with the European Bank of Reconstruction and Development (EBRD), one of the most important green finance providers. The first EUR 83 million loan is structured according to the Green Loan Principles of the Loan Market Association (LMA). We plan to implement projects to achieve net-zero emissions in the value chain by 2050 through financing environmental Sustainability and R&D projects within the framework of the provided green credit.

€350 mn

GREEN BOND

+175

INVESTORS

5 year

MATURITY

€1.6 bn

DEMAND

3%

INTEREST PER ANNUM

0.5

IMPROVEMENT ON INITIAL
PRICE TARGET (IPT)



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A group of diverse people of various ages and ethnicities are standing in a circle on a grassy field, holding hands and raising them in the air. The background shows trees and a bright sky. The text is overlaid on this image.

Home is a Resilient Community that Reaches its True Potential.



IN TOUCH WITH HUMAN NEEDS

We focus on improving people's lives by staying In Touch with Human Needs. In line with our vision – **Respecting the World, Respected Worldwide** – and our ambition, we set targets and strategic priorities for human needs. Based on our Corporate Citizenship approach, we aim to operate as a purpose-driven brand, and we work to remove the barriers to society's progress and development to achieve long-term value for our entire community.

 *Please refer to the Sustainability Targets section to explore Arçelik's social targets and its 2022 progress.*



Related Capitals



Natural



Intellectual



Human



CORPORATE CITIZENSHIP

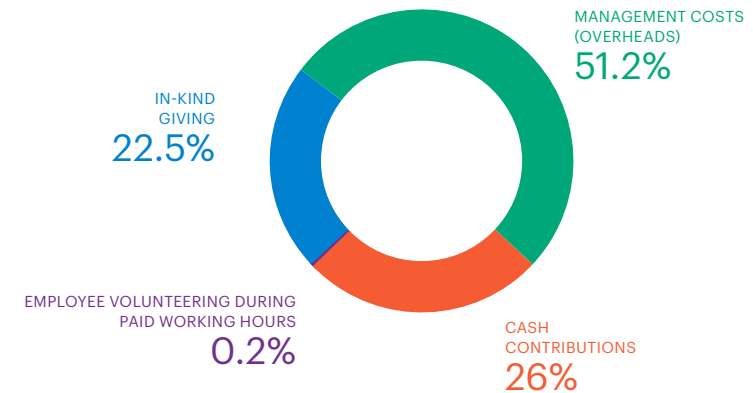


At Arçelik, we are aware of the impacts of our operations, programs, and products on local communities and societies. Our corporate citizenship approach, which is guided by *Our Global Corporate Citizenship Policy and Our Civil Society Cooperation Policy*, is centered on respect for society and aims to create a better world for future generations. In both our operational geography and beyond,

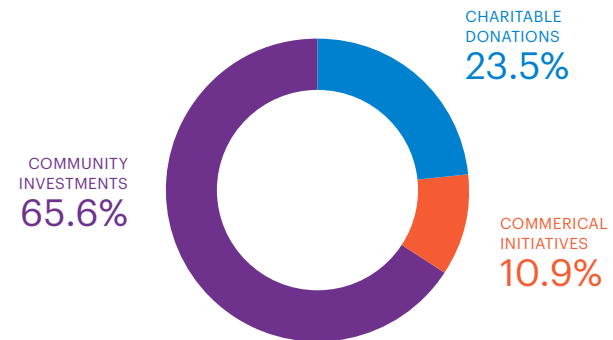
we implement various social projects by focusing on the fields of education, gender equality, inclusion and diversity, food waste, healthy living.

We spent EUR 4,407,348 on corporate citizenship activities

Distribution of Total Monetary Value (at cost) of Corporate Citizenship / Philanthropic Contributions



Type of Philanthropic Activities





SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

As Arçelik, we aim to improve lives and strengthen local communities through our activities in the areas of;

- Gender equality
- Quality in education
- Entrepreneurship ecosystem
- Sustainable living and environment

GENDER EQUALITY

Action Coalition In cooperation with the UN Women's Generation Equality Forum, Koç Holding has launched a gender equality movement in technology and innovation in 2022. As a Koç Group company, Arçelik became a supporter of the Action Coalition platform and submitted its commitments to achieve concrete change in the technology and innovation field for women and girls worldwide. These commitments, which are to be achieved by 2026, consist of six objectives to bring about meaningful changes in the empowerment of women and girls in technology and innovation-related functions, responsibilities, and positions. Details of Arçelik's 2022 progress towards fulfillment of its six

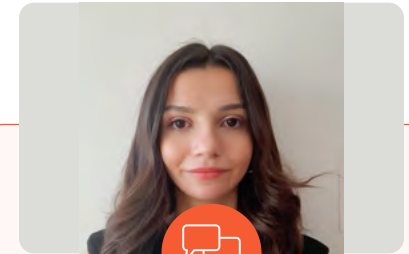
Action Coalition commitments are presented below:

1. Provide technology and design, IT, and software training to 100,000 girls (ages 10-14) in 81 provinces of Türkiye by 2026 to reduce the gender digital divide (Digital Wings Project)
In October 2022, 241 teachers took part in a three-day Digital Wings training course. The plan is for these teachers to provide Digital Wings instruction to 20,000 girls a year by 2026.
2. Expand the program which was implemented only in Turkey in 2019 to support the career development of women engineers(3rd and 4th-grade students) in R&D and innovation to Romania, Pakistan, and South Africa. -WE-inTech Program
A global R&D and innovation skills program that was conducted in 2022 was attended by 44 students from Romania, Pakistan, South Africa and Türkiye
3. Increase the number of women entrepreneurs in the dealer ecosystem

by boosting the ratio of women Beko dealers from 4.8% to 25% by 2026 (Beko 100 Women Dealers Project)
Progress made in 2022 under the Beko 100 Women Dealers Project increased the percentage of women dealers from 4.8% to 9%, with a total of 92 women dealers operating 99 stores in 40 provinces.

4. Reach 2,500 women entrepreneurs through global-scale entrepreneurship programs and contribute to fund transfers for women-led startups every year. (Arçelik Garage Innovation Hub programs) During 2022, the initial goal of transferring USD 4 million funds was reached, this is why the target has been revised. In the scope of this target, in 2022, Arçelik supported and facilitated the transfer of USD 8 million in funds to 359 women entrepreneurs/ candidate entrepreneurs.

5. Increase women employment ratio in STEM fields at Arçelik from 16% to 35% across global operations by 2026 (HR programs and practices) The 2022 target of increasing to 19.4% the



One of my greatest excitements when starting the We-inTech program was the opportunity to be a part of the next-generation R&D experience in the Arçelik R&D ecosystem. After three days of idea development workshops, inspiring speeches, and various pieces of training, we started our one-year journey by working on a project with our mentors. In addition to serving as a great source of motivation for working in R&D fields, the program also provides the opportunity to get to know the company culture of Arçelik Global.


BUKET ERDOĞAN
We-inTech 2022 Program
Participant



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION


percentage of women employed in science, technology, engineering and mathematics positions in the conduct of Arçelik's global operations was achieved.

6. Enable women to gain new professional competencies at the technical levels and increase the ratio of women technicians working at Arçelik Authorized Services from 6.7% to 14% by 2026 (500 Women Technicians Project) The conduct of eight training courses during 2022 added another 111 women technicians to the company's authorized services-provision network, thereby bringing the total number of women actively employed as technicians to 42 and their overall percentage to 8%.

 *Please refer to our 2022 Sustainability Report's Gender Equality section to get more detailed information on these projects and more.*

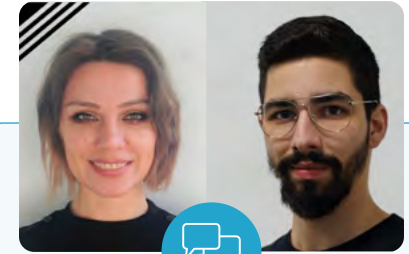
EMPOWERING ENTREPRENEURSHIP ECOSYSTEM

By empowering women and young talents to become entrepreneurs, we try to unlock their potential to create new businesses, develop innovative products and services, and contribute to job creation and economic development. As Arçelik, we assert that diverse perspectives and fresh ideas from women and young entrepreneurs can create unique solutions to societal challenges. Therefore, we carry out projects to enable an environment for women entrepreneurs and young talents, to break down barriers and to promote equal opportunities for women and young talents to participate in economic activities. Our projects in this area can be listed as Beko 100 Women Dealers, Arçelik Garage Innovation Hub Action Coalition Target, Hack the Normal Sustainability and Accessibility Hackathon.

 *For more detailed information, please refer to our 2022 Sustainability Report.*

Hack the Normal Sustainability

We held the third Hack the Normal online hackathon, which was hosted by Garage Innovation Hub and Beko on May 13-15th, 2022, following the event in Africa in 2021. With the main focus on sustainability, we structured the project as an open innovation gateway for the European Innovation Ecosystem. Hack the Normal Sustainability, organized by the Next Web and Financial Times Talent, supported participants in developing sustainable living solutions and new technologies through training and mentorship during a 2.5-day hackathon. With 700 participants from 70 countries, who created unique and practical solutions to some of the most significant environmental issues, including climate change, water management, and circular economy, Hack the Normal was the biggest hackathon with its sustainability theme and was the first carbon-neutral hackathon. It also provided the opportunity for winners to participate in 'Startup Wise Guys' accelerator program to commercialize and develop their project, in addition to EUR 50,000 monetary prize.



"We had an amazing time during Beko's "Hack the Normal Sustainability" hackathon and have learned about business models, customer validation, MVPs, and much more. What we wish we knew before the Hackathon is that communication is the key. The more you communicate in the team and with your mentor, the better and quicker you will solve the problems. It's good to take often breaks to give a quick rundown of what you are doing and planning (and do plan backups). And the most important is to let yourself have fun and enjoy the experience of the Hackathon, it's the best gift!"

ANIDA AND NERMAN
Parabola Team at Hack The Normal Sustainability Program



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

Some teams graduating from the program prepare for an investment tour, while others work with our partners and us to develop partnerships. In addition to awarding the top 3 in 3 categories as last year, we also awarded 9 teams as the Beko Special Award this year.



2.5 day
Hackathon



70
countries



+700
participants



EUR 50,000
prize pool



Topics: climate change, water management, and the circular economy



"Start-up Wise Guys" Participation

SUSTAINABLE LIVES AND PROTECTING NATURE

Living sustainably and protecting nature are vital strategies for mitigating climate change. By safeguarding habitats, forests, oceans, and other natural areas, we can protect countless species and preserve the invaluable services they provide, such as clean air, water, and soil. By preserving natural areas and creating green spaces in urban environments, we can enhance the quality of life, reduce pollution-related health issues, and foster a sense of connection to the natural world. With this conscious, as Arçelik, we conduct Ghost Fishing Nets Project with WWF, İyi Gelen Innovation, Respect Food with Grundig and Shed That Carbon with Beko Global. For more detailed information on projects, please refer to our 2022 Sustainability Report.

Ghost Fishing Nets Project with WWF

As Arçelik, we implemented a project with WWF Türkiye (Doğal Hayatı Koruma Vakfı - World Wide Fund for Nature's Türkiye Office) and Marine Life Conservation Society for ghost fishing nets that threaten biodiversity. Within the scope of the "Ghost Nets Project", ghost fishing nets detected during exploratory dives in the Prince Islands in the Sea of Marmara were removed with special dives. The removed fishing nets will be recycled and used in our products. Awareness seminars will be held for fishermen and local people, a local communication mechanism will be established where they can inform when they lose the net, and the environmental and aquatic life impact of the project will be determined and reported with the contribution of academics.



"In WWF-Türkiye, we are working to stop marine pollution and reverse its impact on marine species. Ghost gear is the most deadly form of marine plastic pollution and its elimination is essential to preserve the health of our seas. We believe that our partnership with Arçelik to remove abandoned fishing gear and to raise awareness for this silent killer of the deep is critical in decreasing the amount of ghost gear, both directly and indirectly. With a broader understanding of the immense pressure the human activities put on our seas, mitigating and reversing our impact is together possible."

ASLI PASINLI
CEO, WWF-Türkiye

* Photographer: Mert Terliksiz



CORPORATE VOLUNTEERISM

Corporate volunteerism is a fundamental part of corporate citizenship at Arçelik. We encourage our employees to become active and responsible global citizens who strive to be a part of the solution. The priority areas of action in line with our material sustainability issues are identified in our Corporate Volunteerism Policy as raising awareness of environmental sustainability, particularly on plastics and the climate crisis, providing digital skills and competencies, technical skills through training and promoting gender equality and women's empowerment. To achieve these priorities, Arçelik employees generate Arçelik Volunteers from all over the world to create a greater impact under the "We Share We Care" initiative. We create value for all stakeholders in our entire value chain.

24h Plogging & Ideathon

To raise awareness for healthy and sustainable living and the importance of environmental clean-up, a plogging activity was carried out with Arçelik employees in 50 different locations around the world within 24 hours in October 2022. Our employees in 50 different locations around the world were carried out plogging activities within 24 hours in October 2022. With the plogging activity, paper, plastic, metal, and glass wastes left in natural areas are collected by more than 2000 Arçelik employees who traveled approximately 202 km. Our employees collect a total of 5 tons of recyclable waste and transporting it to recycling facilities.

Major Earthquake in Türkiye

As Arçelik, we are deeply saddened by the loss of many lives and destruction as a result of the severe earthquake that occurred in Kahramanmaraş and was felt in many parts of Türkiye. Under the coordination of the Crisis Management Centre which is established by Koç Group and with the direction of the Ministries of Türkiye and AFAD, we have supported the earthquake victims together with our dealers, authorized services, and employees.

In this context, our Search and Rescue Team, which includes 77 people, rescued 20 earthquake victims who were trapped in rubble in the disaster area. In addition, we have established coordination and operation centers in 3 locations (Hatay, Adıyaman and Kahramanmaraş) to deliver humanitarian aid which include AFAD's current needs in the region. We delivered more than 800 thousand in-kind aid consisting of tents, food, blankets, clothes and heaters, stoves, solar panels, and generators that we prepared using old washing machine drums. For Hatay hospital station, we delivered our refrigerators to provide the cold chain and protect the medicines. In addition, the needs of container cities established in the region addressed under the coordination of Koç Holding. We contributed the equipment of the containers as well as the establishment of social areas. Arçelik Volunteers also started a campaign among the employees and donated toys and books to the earthquake area.

In addition, we have continued to fulfill the need of hot food and clean clothes at Arçelik Fixed Support Points. We have served earthquake victims with our hygiene trucks in Kahramanmaraş, Hatay, Adıyaman, Gaziantep, Diyarbakır, Malatya and food trucks in Kahramanmaraş, Hatay and Adıyaman.

We will be ready to reach more earthquake victims by expanding and adding new aid locations with our all effort. Moreover, we will continue to get information about current needs by following the region instantly and will address these needs.



Home is a Safe Working Environment within the Value Chain.





IN TOUCH WITH BUSINESS

At Arçelik, we are aware of business’s critical role in achieving a sustainable future. Our goal in leading the household industry continues with the consciousness of transforming our business and building a future in collaboration with our stakeholders. Therefore, in addition to our work that contributes to human, financial, manufactured, intellectual, and natural capital we incorporate sustainable values into our technologies while innovating to solve future challenges and meet society’s needs. We believe it is essential to integrate our sustainability principles into each element in our business model.

 Please refer to the Sustainability Targets section to explore Arçelik’s business targets and its 2022 progress.



Related Capitals



Natural



Intellectual



Human



Financial



Manufactured



SUSTAINABLE ECONOMIC GROWTH

Respecting the World, Respected Worldwide” is central to Arçelik’s journey, which means we create economic value for all our stakeholders while also building the company’s economic growth on our sustainable values. By putting all three economic, social and environmental pillars of sustainability at the center of our governance, we make sure that we fulfill our responsibilities to our investors, society, and the environment.

We increase our sales by reaching more customers with our customer-oriented business approach. With our sales revenues, investments, and growth-oriented activities, provide economic benefits for our business partners and investors, while also transforming these economic benefits into sustainable values.

Financial Indicators (EUR M)*

	2020	2021	2022
Net Sales	5,091	6,513	7,709
Increase in Net Sales (%)	28%	67%	96%
EBITDA	696	688	690
EBITDA Margin (%)	14%	11%	9%
Total Assests	5,798	8,127	7,612
Increase in Assets (%)	34%	83%	55%
Financial Borrowing	2,127	3,112	2,961
Total Equity	1,747	2,011	1,560
Net Income*	355	293	249
Earnings per share (cent)	0,5	0,4	0,4

Direct Economic Value Generated and Distributed (EUR M)*

	2020	2021	2022
ECONOMIC VALUE GENERATED BY THE COMPANY			
Revenue	5,091	6,513	7,709
ECONOMIC VALUE DISTRIBUTED BY THE COMPANY			
Operating Costs (Excl. payments to employees)	4,064	5,374	6,416
Payments to Employees (incl. wages & benefits)	548	660	800
Payments to providers of capital			
Dividends	-	143	80
Payments to Public Administration			
Cash Taxes Paid	21	48	44
Payments to Community	6	6	4
ECONOMIC VALUE RETAINED BY THE COMPANY			
	452	282	363

* Net Income indicates parent share of the profit for the period.

 Arçelik has also released its first European Union Taxonomy Report, please refer to our 2022 Sustainability Report to get more information.



BUSINESS ETHICS AND TRANSPARENCY

At Arçelik, we firmly believe in upholding the highest standards of business ethics, as it is fundamental to our operations.

All stakeholders can report cases related to non-compliance with the Global Code of Conduct and Related Policies through website-based ethics hotline (www.ethicsline.net) implemented in all countries.

In 2022, 137 cases were reported through ethics hotline channels. We closed all the cases and have no ongoing investigations related to the cases reported.

Among the reported cases, 47 were substantiated. The total number of grievances reported and resolved on

anti-corruption and bribery topics or money laundering or insider trading was zero during 2022. Due to the substantiated cases in 2022, 8 employees' contracts were terminated.

In 2022, all our factories, including joint ventures (30/30), were subject to human rights assessments internally or by third-party audits. Internal and third-party audits identified no major human rights issues in our operations and joint ventures. The results of internal and external audit findings are discussed in the Human Rights Committee, and corrective action plans follow the mitigation actions.



 Please refer to our 2022 Sustainability Report's to get more detailed information on our Ethics and Human Rights studies.



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

We believe our human capital is the most valuable asset in our sustainability journey. At Arçelik, it is a top priority for us to provide a safe, healthy, diverse, and inclusive workplace for our employees where everyone feels engaged, included and rewarded.

DIVERSITY, EQUITY AND INCLUSION (DEI)

We are committed to building a purposeful, equal and diverse work environment for all. We maintain an inclusive culture that promotes decency and respect for all employees.

In 2022, a dedicated global team focusing on diversity, equity and inclusion (DEI) and a supervisory position was formed. In order to better understand the expectations of our employees, a global survey specific to inclusion was conducted with 6,000 employees. Focus group interviews were held with employees to understand the outputs of the survey in more detail, and a global "Diversity, Equity and Inclusion Committee" was established to improve the employee

experience by developing ideas on this subject. Thanks to the work of the committee and the team supported by the top management, in line with the all-encompassing DEI strategy below, the practices that started in 2022 will continue in 2023. We measure our progress regarding DEI and disclose it in our corporate reports.

EMPLOYEE ENGAGEMENT

At Arçelik, we accepted employee engagement as our major focus area, as we are aware that employee engagement is one of the defining factors of work-life satisfaction. Therefore, we are working to create a diverse, inclusive, and transparent environment in which all employees feel equally valued.

We take a series of actions in order to achieve our goal, knowing that a diverse workforce and an inclusive culture are vital. A dedicated global team works towards Arçelik's corporate DEI vision and targets. In order to hear the voices of employees better, a global inclusion-specific employee survey was conducted with 6,000 employees.

Our 2022 employee engagement survey has a global participation rate of 88% and an employee engagement rate of 69%. Results show that the engagement rates are 69% for our women employees and 69% for our men employees

globally. On this survey, percentage of highly engaged employees rating with top scores is 29.4.

OHS AWARDS



MESS Safety Competition-" İş Güvenliğinin Yıldızları"

This project is one of the most comprehensive OHS award organizations in Türkiye and the "Zero Risk" on Occupational Health and Safety projects and practices are awarded, we won first prize in the Digital OHS Category with the Intenseye - SafetyWhiz System Project, the pilot application of which started in the Washing Machine Plant and was completed in 2022 in our plants in Türkiye. Besides, with our In-Factory Autonomous Transport Systems Project applied on behalf of the Refrigerator Plan, we took the Recommended Practice Award. In the OHS Ambassadors category, we also received awards for our Automatic Mat Project for the electrical panels, which was implemented with the suggestion of our hourly paid employees.

TİSK "Ortak Yarınlar" 2022 Awards

With our Forklift Accidents Prevention Project, we have been granted OHS Scholarship Support given to our employees. In this way, thanks to the support of TİSK Microsurgery Foundation, 10 of our employees were entitled to an OHS education scholarship by TİSK.



As part of 28 April World Day for Safety and Health at Work, a video was published and an OHS competition was held. For more detail, please scan the QR code.


Please refer to our 2022 Sustainability Report's to get more detailed information on our HR activities carried out in 2022.



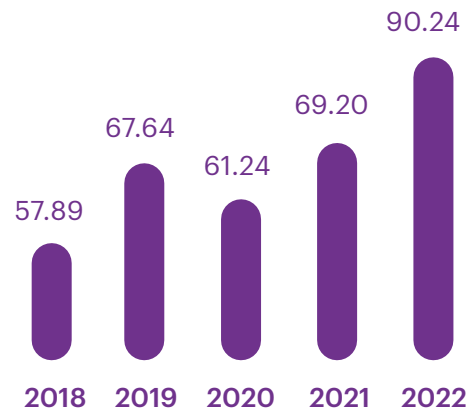
R&D, INNOVATION AND DIGITAL TRANSFORMATION

With our 15 R&D and design centers and 14 R&D offices, we serve all over the world with 30 R&D centers and more than 2,300 employees. We carry out comprehensive R&D activities from gestation to the production of innovative products that add value to the users' lives with our patented technologies in every field of operation. Arçelik conducts studies in the fields of sustainable environmental technologies, energy and water consumption, noise and vibration reduction, sensor technologies, IoT, smart home technologies, polymers, metal and surface coating technologies, hygiene, water, and air filtration, air quality, and motor driving technologies.

As of 2022, we hold more than 3,000 registered patents and carry out more than 500 projects globally.

 For detailed information on products, please refer to the Products that Create Social and Environmental Value section of Arçelik's 2022 Sustainability Report and Arçelik's 2022 Annual Report.

Total R&D Expenditure (million EUR)



Our total R&D expenditure in 2022 are approximately EUR 90.2 million.

ATÖLYE 4.0

Arçelik Atölye 4.0 is an R&D center that establishes collaborations based on expertise and knowledge and aims to produce solutions in different fields with its teams carrying out inter-functional projects on various Industry 4.0 topics such as efficiency, quality, and OHS.

Our washing machine factory, located in Ulmi, Romania, was included in the "Global Lighthouse Network" in 2019, where the World Economic Forum (WEF) includes best practices from Industry 4.0 studies. In 2022, the Factory was awarded the "Sustainability Lighthouse" status, which is given to appreciate the manufacturers who increase their productivity with innovative technologies that reduce their environmental footprint and focus on Industry 4.0.

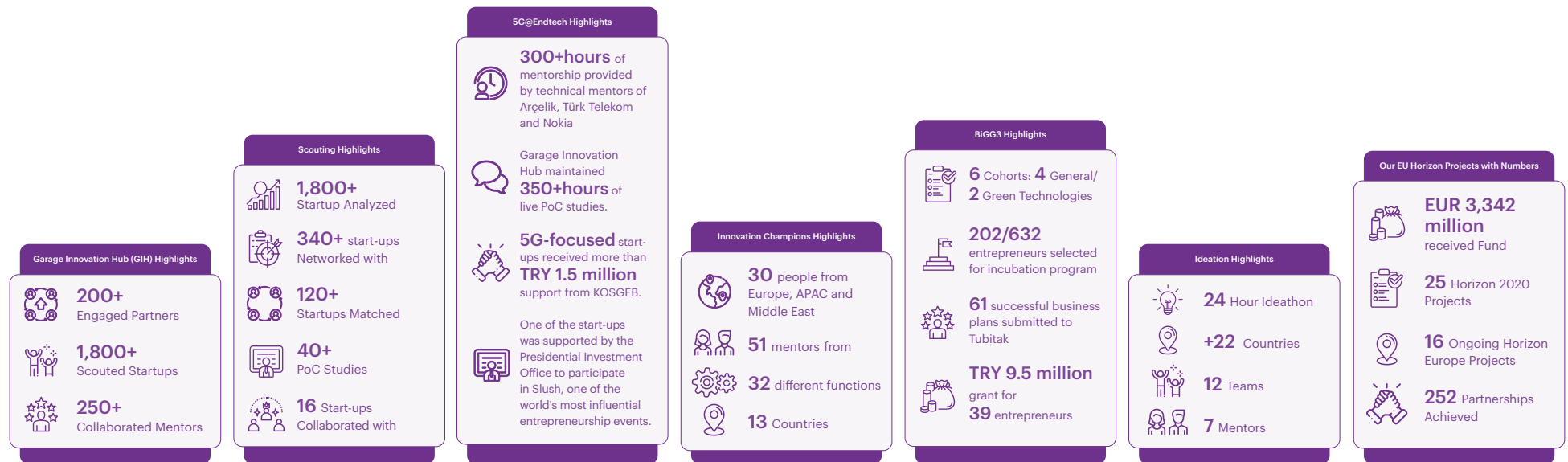




R&D, INNOVATION AND DIGITAL TRANSFORMATION

OPEN INNOVATION

We embrace open innovation as a fundamental part of our corporate culture and foster collaboration with various stakeholders, including startups, universities, suppliers, and companies across different sectors. Furthermore, we encourage our employees to adopt a design-oriented mindset and strive to cultivate a culture of internal entrepreneurship throughout Arçelik. We conduct different programs such as:



With our 25 Horizon 2020 and 16 Horizon Europe accepted projects, we became the Company with the highest number of projects in the Horizon Europe program from Türkiye.



CUSTOMER AND CONSUMER EXPERIENCE

In order to provide a better experience for our dealers and stores in B2B sales, we focus on improving our customer care services by providing facilitating solutions.

Arçelik opened its first climate friendly store.

Dealer Satisfaction Survey Results



To gather feedback from our B2B customers, we employ the Koç Holding Dealer Satisfaction survey. In 2022, the survey was distributed to 67% of dealers. In 2022, our average customer satisfaction score from the ones who responded to the survey was 87.

GLOBAL CONSUMER SATISFACTION SURVEY

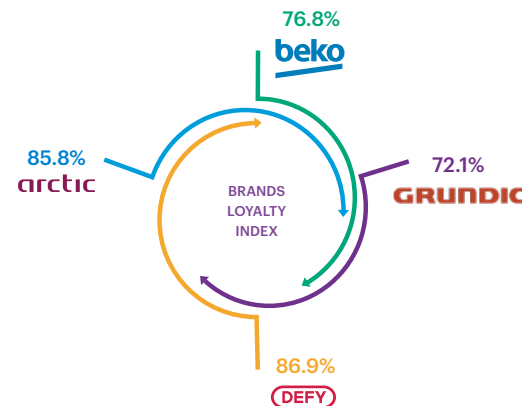
As Arçelik, we are present in more than 145 countries with a portfolio of

12 well-known brands. Our priority is to comprehend the requirements and anticipations of our consumers and then apply our advanced technology to develop effective solutions.

Global Consumer satisfaction research was conducted for the first time in 2022. The survey which included roughly 300 participants in 10 countries, and the data was adjusted for the population of each country, was aimed at consumers who had bought a refrigerator, freezer, washing machine, dishwasher, tumble dryer, or washer dryer oven in the last two years, and both our consumers and our competitors' consumers were included in the responses. To ensure gender equality, we chose a target group of 50% women and 50% men. Once the results were gathered, they were analyzed accordingly. Our Global Consumer Satisfaction Survey has revealed that we have a strong relationship with our consumers around the world, with our Global Brand Loyalty Index scoring 77.1. The results of our regions in the survey are as shown below. Grundig has 72.1, which is our lowest score among other regions,

but is still higher than the lowest score to be regarded as having a strong relationship, which is 70 points. While DEFY and Arctic have "very good" scores of 86.9 and 85.8, respectively, Beko has 76.8.

Arçelik Global Score: 77.1



Please refer to our 2022 Sustainability Report's to get more detailed information on our Customer Management policies and practices.

10 Countries

France, Germany, Italy, Poland, Romania, Russia, South Africa, Spain, United Kingdom, Norway.

Sizable Population

Approximately 600 respondents per country participated in the survey, with the exception of Norway.

Loyalty

A total of 2,741 respondents who had purchased one of the four brands in one of the countries participated in the survey.

Competitors' Brand Loyalty

A total of 3,087 respondents who had purchased one of our main competitors' brands in one of the countries participated in the survey.

Timing

The data was collected in January-February 2022 via online survey.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Arçelik, which has purchasing operations in more than 60 countries, has offices in 9 countries and more than 200 employees. With a global purchasing capacity of nearly 2,000 Tier-1 material suppliers, Our total purchasing volume reached approximately EUR 4.5 billion in 2022. Raw material purchases constitute a significant portion of this volume, accounting for approximately 33% of the final product cost. Key raw materials include polymers (50%), sheet materials (44%), copper (3%), and aluminum (3%). By focusing on sustainable procurement practices, Arçelik contributes to local development in various countries, led by Türkiye as the largest proportion of purchases (34%), followed by Asia (33%), Europe (26%), South Africa (5%), the United States of America (1%), and the Middle East (1%).

SUPPLIER ESG PROGRAM

Supplier ESG Program is a procedure which is designed to ensure ESG strategies are embedded into supplier selection and evaluation criteria to identify material risks and impacts, ensuring that supplier business

practices are in line with Arçelik Global Responsible Purchasing Policy.

We developed an in-house Supplier Sustainability Index project under Supplier ESG Program. In 2022, a total of 237 unique significant suppliers have been assessed through in-house Sustainable Supplier Index. 159 suppliers were assessed within Arçelik's assessment in collaboration made with a third party. 128 third party ethics audits were completed. 74.3% of the suppliers assessed are from Türkiye, 14.3% from Asia and 11.4% from Europe. In terms of supplier capacity improvement projects, our employees also conduct on-site visits to the suppliers to cooperate on issues on cycle time improvement, energy efficiency, quality. 186 on site visits to 594 suppliers have been completed by Arcelik employees. A total of 44 quality on-site audits based on quality improvement have been made in 2022.

As of 2025, we have committed to collect the scope 1-2 GHG emissions, water withdrawal, wastewater, recycled water, hazardous and non-hazardous waste and energy consumption data for more than 450 of our

suppliers, corresponding to 90% of our purchasing volume. We intend to make the consolidated data public to transparently report the impact of our supply chain. For our 2022 data collection, we collected environmental data from 159 suppliers, reaching 33% of our target.

In November 2021, we started to circulate a letter (herein referred to as the "Commitment Letter") to our suppliers explaining our sustainability strategy, our sustainability credentials and our Science Based Targets as well as the 2030 environmental targets. To date, 173 suppliers have signed the Commitment Letter. We aim to ensure that, by the end of 2023, the 173 signatories of the Commitment Letter have set long-term GHG emission, water, energy efficiency and waste reduction targets and publicly shared these targets on their websites and in sustainability reports.

 Please refer to our 2022 Sustainability Report's to get more detailed information on our Supplier ESG Program and other Supply Chain Management practices.



At Posiadalo Company we are proud to present and speak about sustainability reports through recent years with, which highlights our commitment to creating a more sustainable future. Through our strong partnership with companies like Arçelik, we are able to leverage our collective expertise and resources to drive meaningful change and create value for all stakeholders. Together we are paving the way towards a more sustainable and equitable world.

LUKASZ POSIADALO
The Owner/ CEO
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